

# *Swellendam Municipality*



## *Annual Report*



*2014/15*



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# Chapter 1

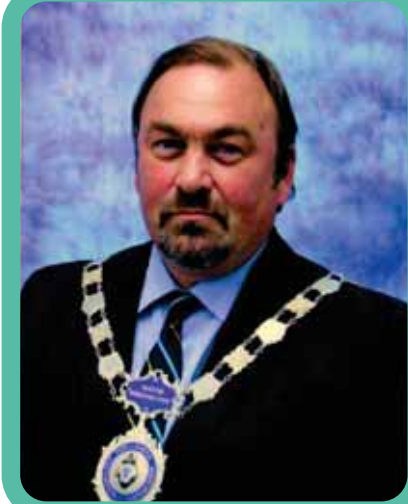




# Chapter 1: Executive Summary

## CHAPTER 1

### COMPONENT A: MAYOR'S FOREWORD



As the Executive Mayor of Swellendam Municipality I am delighted and honoured to present our Annual Report for the 2014/15 financial year. The period was earmarked by the achievement of both National and Provincial awards, and the council and administration coming together as a team.

#### **Vision:**

This document reflects on the performance of the past financial year and provides valuable information to all stakeholders and the community at large regarding our service delivery and developmental achievements and challenges.

It will help the user understand the organisation's performance amidst various challenges of the past years, and also serves to indicate predetermined areas for improvement.

This report illustrates the fact that Swellendam Municipality has significantly improved its performance at various levels over the last year and is indeed compliant with the stipulations of Section 46 of the Local Government: Municipal Systems Act 2000, (Act 32 of 2000) and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003).

The council adopted the following strategic objectives for the 2014/2015 financial year:

- ✚ To enhance access to basic services and address maintenance backlogs
- ✚ To create a safe and healthy living environment
- ✚ To develop integrated and sustainable settlements with the view to correct spatial imbalances
- ✚ To enhance economic development with the focus on both first and second economies
- ✚ To promote good governance and community participation
- ✚ To create a capacitated, people-centred institution
- ✚ To improve our financial viability through sound financial management

Furthermore, the following specific strategies have been approved by council:

- ✚ Improved Customer Care by implementation of various new systems ;
- ✚ Implementation of a Performance Management Systems and Unit;
- ✚ Cascading down of PMS to all Managers;
- ✚ The Risk Management Strategy and the establishment of a risk management committee;
- ✚ To address infrastructural inadequacies in order to better accommodate and encourage development and investment;





## Chapter 1: Executive Summary

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- Enhancement of revenue and all other municipal resources;

Our performance delivery on the strategic objectives for the period under review is clearly cited in Chapter 3 of this report.

### Key Policy Developments

This was indeed the year for policy formulation and we are pleased to report that during this year we have adopted and implemented over 50 policies and by-laws to govern not only our staff but our entire municipal area.

The long term development priorities for our country is laid down in the National Development Plan (NDP) which is aimed at the period leading up to 2030. The NDP directs the municipality's Integrated Development Plan for the period ending in 2017, one year after the next local government elections. The Integrated Development Plan (IDP) has a five year life-span. The IDP is aligned with the NDP's vision on a local level and therefore compliments the Municipality's core responsibilities.

The council has adopted the Spatial Development Framework and the Human Settlements Plan during the 2014/ 2015 financial year. We are grateful for the valuable support we received from the provincial government in this regard.

### Administrative capacity

Key senior manager positions were filled during the year which has brought about remarkable improvements in the administration against the background of vacancies and instability within the administration over the preceding two to three years. The Municipal Council approved the new staff structure and personnel have been placed in key positions in order to ensure better service delivery.

### Good Governance

The municipality's Municipal Public Accounts Committee (MPAC), as well as the "Section 32" Committee is fully functional. The MPAC is tasked with the responsibility of drafting an oversight report on the Annual report.

The Audit and Performance Audit Committee is fully functional and has met quarterly to give advice and recommendations on certain aspects of municipal activities.

We are proud to report that the Internal Audit Unit as well as the Performance Management Unit is fully functional and operating at high standards.

A first for the Swellendam Municipality was the establishment and implementation of a full Risk management process which comprises of the development of policies and strategies. This has resulted in a comprehensive risk registered which is being monitored on a continues basis in order to ensure a good quality and controlled environment.

### Key Service Delivery Improvements

The main infrastructural and service delivery priorities relates to the completion of the upgrading and construction of the Buffeljagsrivier Waste Water Treatment works and the completion of phase 1 of the Swellendam Water Treatment Works.

As part of our "Upgrade of Informal Settlement Plan" a total of 270 low-cost houses were completed in Railton, Swellendam. This project was one of the first in the Western Cape to benefit from the new norms and standards set for low-cost housing,



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and represents a significant improvement in the living conditions of low-income households. For this we received the Govan Mbeki Housing Award for the Best Upgrade of Informal Settlement in the Province. We went on to win the National Govan Mbeki Award in the same category. Interesting statistics on services can be found in chapter 3 of this report.

Other achievements of the past year that deserves to be mentioned were:

We received an Unqualified Audit report from the Auditor-General for the 2013/2014 financial year thus keeping in line with our previous year's performance, but also showing marked improvements in certain areas.

### Public Participation

Public participation has been boosted by the establishment of the Swellendam Municipal Advisory Forum (SMAF) which involves all societal stakeholders in addition to ward representatives in the various IDP and Budget processes. A number of ward committee and community meetings were also held throughout the municipality. Furthermore, the adoption of a Public Participation Policy has provided more structure to this process.

### Future Actions

#### Maintaining an Unqualified Audit

Maintaining our status on an Unqualified Audit, and working to improve on it, will undoubtedly be a priority for the Council in the current and subsequent financial years. We will remain focussed on sound processes and procedures, improving internal controls, enhancing good governance, and ensuring legislative compliance and thus adding value for the public in everything we do.

#### Sustained service delivery

The objectives of the municipality clearly underline the importance of sustainable and affordable services to all. We will endeavour to improve service delivery and to ensure that we deliver within our mandate and within our limited means.

#### The Implementation of a Combined Assurance Module

The Combined Assurance Model aims to inform, in a simple manner, on the effectiveness of assurance providers and to create confidence in the assurance provided over key organizational risks. This will be a first for the Swellendam Municipality and will without a doubt contribute to our record of good governance and administration.

### Conclusion

A special word of thanks to those countless individuals and organisations that continue to contribute in a constructive manner in order to make Swellendam Municipality a better place for all. My sincere thanks to our various partners and stakeholders for their participation and support during the 2014/15 financial year. The success of the Swellendam Municipality is as strong as the relationships that we can build, the partnerships that we forge, and the selfless contributions and sacrifices that people make.





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A solid foundation has been laid for a community based on freedom, fairness, and opportunity for all. Let us now build on our strengths and collectively address the challenges so that Swellendam Municipality can attain its vision of **“prosperity for all through co-operative participation and high quality service delivery”**.

My gratitude and appreciation also goes to our staff who in so many cases walk the extra mile, under the dedicated and experienced leadership of the Municipal Manager and his very able and professional senior management team. Their commitment, perseverance and dedication has been commendable.

A handwritten signature in black ink, appearing to read 'N. Myburgh'.

NICHOLAS MYBURGH  
EXECUTIVE MAYOR



## Chapter 1: Executive Summary

### COMPONENT B: EXECUTIVE SUMMARY

#### 1.1 Municipal Manager's Overview



During the 2014 – 2015 financial year of the Swellendam Municipality the general focus remained on improving service delivery, creating an environment for financial stability and promoting organisational wellbeing. As such we realised that in order to achieve our goals, we needed to ensure that our administration together with our political office bearers were clear on our vision and mission. Our strategic direction for the past year brought about a fundamental shift in perspectives, both internally and externally, and gave impetus to the words: **"Let us make a difference together."**

The past year had its problems but through it all we persevered, specifically focusing on improving our communications, instilling a performance management culture, developing and laying a solid foundation and promoting accountability amongst staff.

Our ultimate aim for the past year was to improve our services by setting clear directives, better oversight and to have an interactive approach with our communities.

#### **Problem areas and corrective actions taken:**

##### **1. Performance Management:**

A Performance Management Unit was established in order to ensure more control and oversight in regard to our SDBIP. The Performance Management Framework was put into place and was rolled out to all Senior Managers, promoting accountability. This was a first for the Swellendam Municipality and we are pleased to say that both mid-year and final evaluations were conducted.

The strategic objectives of the organisation are at the forefront and it is imperative that we design clear and measurable objectives in order to achieve and set new goals for improvement.

##### **2. Communications:**

The Swellendam Municipality has no communications unit currently due to financial constraints, however despite this constraint, we have improved our communications to our community by having the first ever external newsletter, The Bontebok, being distributed on a quarterly basis. We have also created the internal newsletter, the Swellenmun Gazette, which was developed to build and improve relations with all staff, employed by the Swellendam Municipality.

Furthermore another first for our organisation was the establishment of an SMS system. The idea of this system was to keep community members informed of emergency situations that might occur.



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This has not only significantly empowered the community, but also contributed to building a stronger organisation with clear directives, well-managed knowledge and an informed staff complement who are working in an environment of change, constantly striving to improve the organisation, to embrace new strategic directions and to meet new goals.

### **3. Financial sustainability:**

Although many problems still prevail, the Swellendam Municipality has made remarkable improvements, generally speaking. The appointment of the Director Financial Services and the restructuring of the finance department have indeed proved to be a step in the right direction.

For the first time in years we were able to pay creditors on time through-out the year. All Financial Policies were reviewed and are being implemented.

### **4. Administrative functionality:**

With the appointment of the Director Community Services, the senior management team was finally complete. Other key managerial positions were also filled, such as, Manager Traffic Services, Manager Project management, etc. This resulted in a more structured approach, stepped up the productivity and significantly boosted the morale of staff, especially at lower levels.

Furthermore, the past year has brought about the cohesion between the administration and the political sphere, working side by side.

### **5. Public Participation:**

The Swellendam Municipality strives to improve its public participation and interaction with our community each year as this is an ongoing process, albeit with many hurdles. This not only with the IDP and Budget Implementation process but also interacting with our community through the various process as stipulated by our Public Participation policy. This was at the forefront for our organisation and I am pleased to announce that our Public Participation Policy was adopted by council during the past year.

It is key to involve our community in the approval and completion of our strategies and policies in order to not only provide clarity and knowledge to our community but also to have their insight.

We are therefore committed to enforcing our policy as well as going the extra mile in reaching our community.

### **6. LED**

The Swellendam Municipality is facing many problems in regard to the development of the Local Economic development as currently no unit exists for this function due to financial constraints. However we have developed a LED policy to provide some guidance and have been active by doing a LED maturity assessment.

Unemployment and a lack of skills continue to be some of the biggest problems hampering the economic growth of the Swellendam area. The municipality, with the assistance of the Expanded Public Works Programme (EPWP) and the Municipal Infrastructure Grant (MIG), invested substantially over the past financial year in job creation and skills development within the



## Chapter 1: Executive Summary

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area. New work opportunities were created through the municipality's EPWP programme – nearly double the annual target set in this regard.

Furthermore we have decided to fill the Manager Developmental Services positions for the coming financial year in order to address this matter and to improve our relations with our business sector and stakeholders within the area.

We are pleased to have a good relationship with our STO Swellendam Tourism Organisation and thus are positive and looking forward to the coming financial year to make a new and improved changes in the LED environment.

### 7. Good Governance

Service Delivery pertaining to Good Governance 2014/2015 saw various revisions to existing policies and strategies. As such, Council has adopted ±50 Policies and By-Laws and various Strategies have been implemented and reviewed.

Furthermore the implementation of the Compliance Module and Risk Module has had a remarkable impact on the organization as now for the first time a clear and precise assessment can be made in order to enhance our governance.

Good Governance was truly a priority for the Swellendam Municipality during the 2014/2015 financial year and continues to be so in the current year.

### Shared Services

The functions of the Disaster Management and Risk Management is currently being shared by the Overberg District Municipality.

### Overview

We have made steady progress in achieving our objectives within each of its defined priority areas and acknowledge that the municipality still faces major challenges and much room for improvement remains. We however, remain dedicated to our priorities and to our quest to address the root causes of these challenges.

Ultimately, our ability to realise our objectives means a better future, quality of life and better economic prospects to each and every person of the Swellendam area. We want to create public value to all our citizens.

As an organisation we believe that our institutional growth and progress thus far, provide a solid foundation to meet new challenges and to focus on providing an improved environment for sustained and shared economic growth, improved service delivery and on creating sustainable living conditions.

It is our commitment to diligently continue with the task at hand and to ensure that all citizens benefit and enjoy our services and the opportunities that our area provides.

I commend all my staff, irrespective of rank, for their respect, commitment, dedication, loyalty and hard work that contributed to a highly successful year.

I also wish to thank the Executive Mayor, Deputy Mayor, Speaker and Councillors for their support.





## Chapter 1: Executive Summary

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Lastly, our success story is also premised on the trust communities put in us and the cooperation they offer us.

It is thus my privilege to present this Annual Report

A handwritten signature in black ink, appearing to read 'C. Mark Africa', written over a horizontal line.

CECIL MARK AFRICA  
MUNICIPAL MANAGER



## Chapter 1: Executive Summary

### 1.2 Municipal Overview

#### 1.2.1 Vision and Mission

The Swellendam Municipality committed itself to the following vision and mission:

#### Vision:

*“A visionary Municipality that strives towards prosperity for all through cooperative participation and high quality service delivery”*

#### Mission:

*It is envisaged that the municipal vision will be achieved through:*

- *Providing a transparent and accountable government by rendering affordable and sustainable services and encouraging economic and social development through community participation*
  - *Transparent institutional and infrastructure development*
- *Sustainable local economic development and the establishment of public/private partnerships*
  - *Governance for the people by the people*
  - *Service delivery through integrity*

### 1.3 Municipal Functions, Population and Environmental Overview

#### 1.3.1 Population

##### a) Total Population

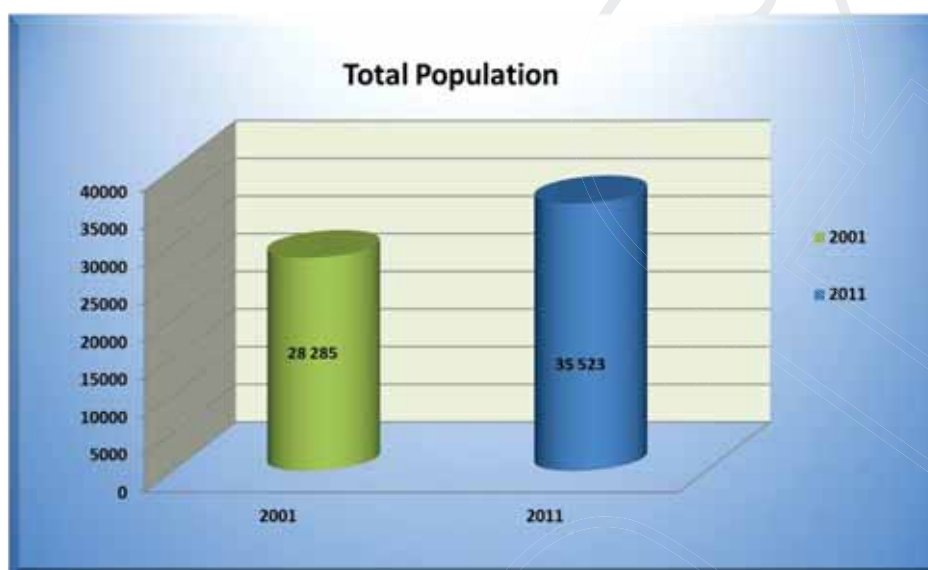
The table below indicates the total population within the municipal area:

Population	2001	2011
	28 285	35 523
Source: Stats SA Census, 2001 & 2011		

**Table 1.1:** Demographic information of the municipal area – Total population



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Graph 1.: Total population

### b) Population profile

Age	2001			2011		
	Male	Female	Total	Male	Female	Total
Age: 0-9	2 866	2 726	5 592	3 157	3 113	6 270
Age: 10-14	1 383	1 373	2 756	1 567	1 555	3 122
Age: 15-19	1 233	1 251	2 483	1 569	1 477	3 046
Age: 20-24	1 061	1 016	2 077	1 582	1 477	3 059
Age: 25-29	1 210	1 201	2 411	1 465	1 486	2 951
Age: 30-34	1 158	1 194	2 352	1 302	1 172	2 474
Age: 35-39	1 169	1 125	2 294	1 243	1 330	2 573
Age: 40-44	949	980	1 929	1 215	1 239	2 454
Age: 45-49	748	753	1 501	1 219	1 257	2 476
Age: 50-54	615	631	1 246	980	1 017	1 997
Age: 55-59	473	499	972	817	763	1 580
Age: 60-64	406	437	843	630	664	1 295
Age: 65-69	340	361	701	437	513	950
Age: 70-74	259	267	526	316	396	711
Age: 75-79	134	169	303	206	259	465
Age: 80-84	72	115	187	120	177	297
Age: 85+	36	74	111	66	129	195

Source: Stats SA Census, 2001 & 2011

Table 2.: Population profile

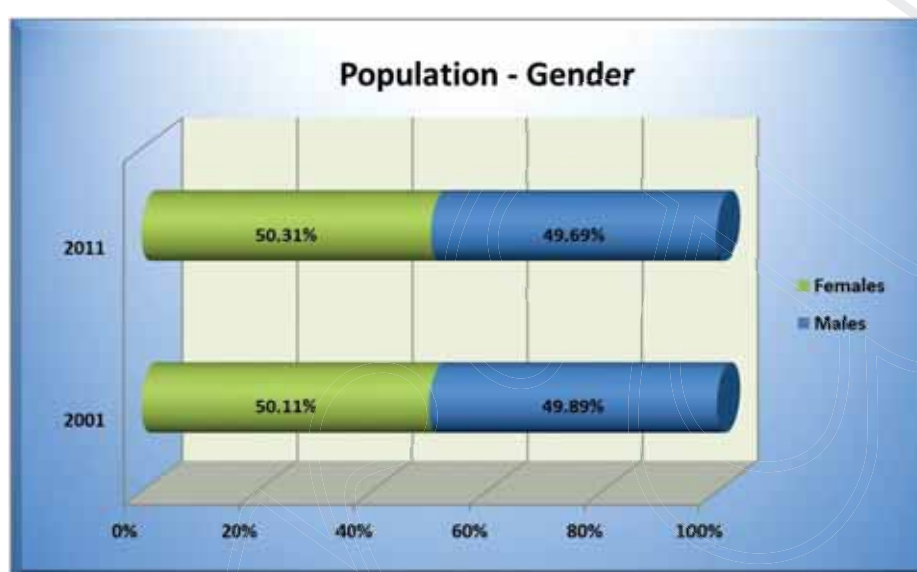


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Population - Racial	2001			2011		
	Male	Female	Total	Male	Female	Total
African	1 442	1 117	2 559	2 550	1 904	4 455
Coloured	10 119	10 249	20 368	12 027	12 689	24 716
Indian	28	31	59	65	48	113
White	2 522	2 777	5 299	3 008	3 232	6 239
<b>Total</b>	<b>14 111</b>	<b>14 174</b>	<b>28 285</b>	<b>17 650</b>	<b>17 873</b>	<b>35 523</b>

Source: Stats SA Census, 2001 & 2011

Table 3.: Population gender



Graph 2.: Population gender

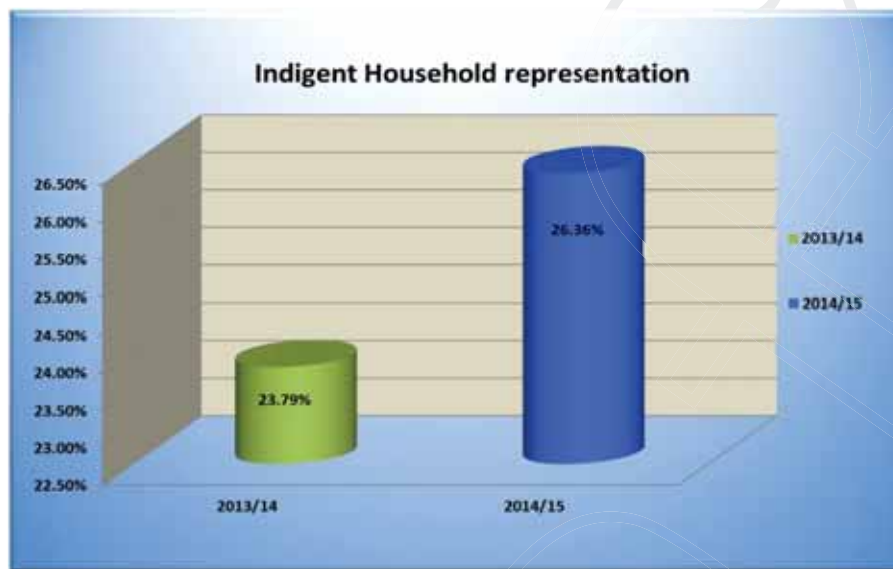
### 1.3.2 Households

Households	2013/14	2014/15
Total number of households in municipal area	7 373	7 647
Number of indigent households in municipal area	1 754	2 016

Table 4.: Total number of households



## Chapter 1: Executive Summary



Graph 3.: Indigent households

### 1.3.3 Demographic Information

#### *Municipal Geographical Information*

The Swellendam Municipality has been classified as a Category B municipality, and was proclaimed as a local municipality with a mayoral executive system combined with a ward participatory system. The Swellendam Municipality is deemed to be a low capacity municipality, and shares executive and legislative authority with the Overberg District Municipality. The municipal area is demarcated into five wards.

Swellendam, which is situated in the Overberg District, is well known for its location at the foot of the Langeberg mountain range and is seen as the gateway between the Overberg and the Eden Districts. The Swellendam Municipal area is the second largest municipal area in the Overberg region and covers a geographical area of 3001.091 km<sup>2</sup>. The greater Swellendam Municipal area comprises of the town of Swellendam and the villages of Barrydale, Suurbraak, Malagas, Buffeljagsrivier, Wydgeleë (Ouplaas), Akkerboom (Op de Tradouw), Infanta and Stormsvlei. Swellendam is linked with other urban and rural areas mainly through the N2 National Road. The area is also served with the main railway line which links Cape Town with the Garden Route. The R324 links Swellendam with Barrydale through the well-known Tradouw Pass. The R62, a road which has now also become a well-known tourist route, links Barrydale with Montagu and Oudtshoorn.

The R60 links Swellendam with towns like Ashton, Montagu and Robertson and forms an important link between the N1 and N2 tourism routes. The towns of Swellendam and Suurbraak have a rich historical and cultural heritage. In Swellendam many old buildings dating back to the 18<sup>th</sup> century can be found. Suurbraak is an old mission station near the foot of the Tradouw Pass and its origin dates back to 1812. The climate for the Swellendam area is warm during the summers with summer rains and very wet winters. Rainfall is spread over the year and ranges between 55% in winter and 45% in summer.





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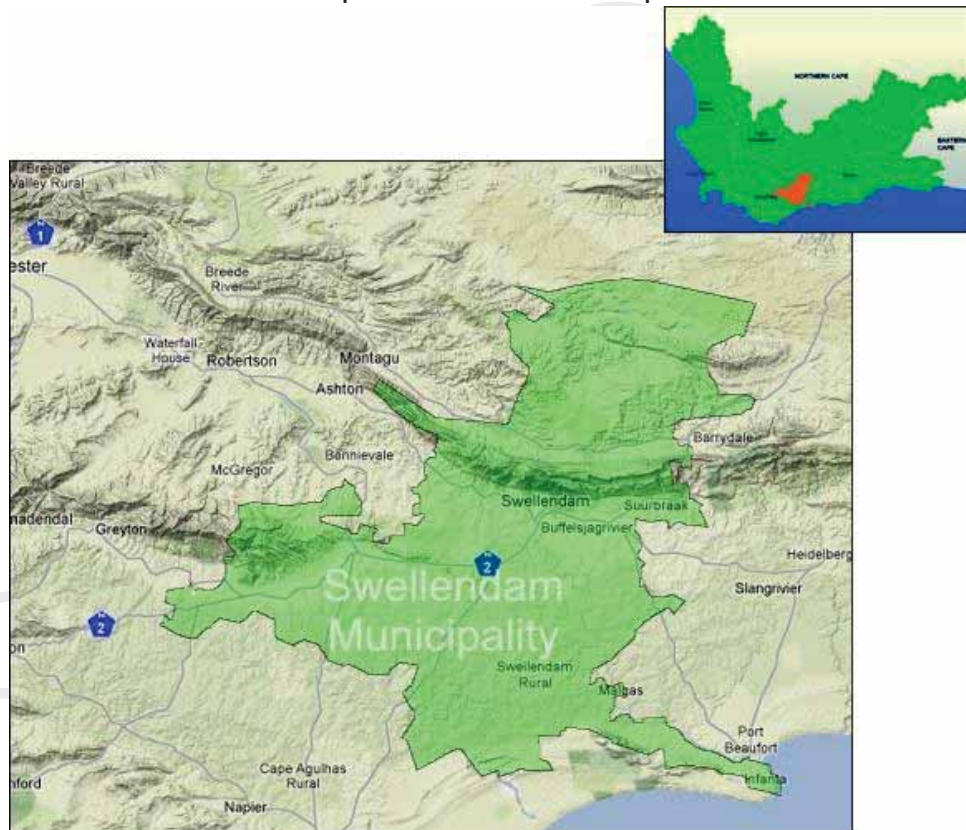
### Wards

The municipality is structured into the following wards:

Ward	Areas
1	Swellendam and Rural areas of Stormvlei and Nooitgedacht
2	Barrydale, Smitsville, part of Suurbraak, Vleiplaas and rural areas surrounding it
3	Buffeljagsrivier, the largest part of Suurbraak, Mullersrus and Malagas/Infanta
4	Part of town of Swellendam and part of Railton
5	Part of town of Swellendam and part of Railton

**Table 5.:** *Municipal Wards*

Below is a map that indicates the Municipal Area:



**Figure 1.:** *Area map*



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### TOWNS

#### *Swellendam*

Early travellers and explorers who visited the Cape in the 1500's traded with the Khoi-khoi people who lived on these shores. When the Dutch East India Company established a replenishment station at the Cape in 1652, trade continued inland as far as Swellendam.

In 1743 Swellendam was declared a magisterial district, the third oldest in South Africa, and was named after Governor Hendrik Swellengrebel and his wife, Helena Ten Damme.

This outlying settlement soon became a gateway to the interior, and was visited by many famous explorers and travellers including Le Vaillant (1781), Lady Anne Barnard (1798), Burchell (1815) and Bowler (1860). In time, a village was established opposite the Drostdy, where artisans including numerous wainwrights and traders settled. To travellers and explorers, the services of the village folk were indispensable, as Swellendam was the last outpost of civilization on the eastern frontier.

By 1795 maladministration and inadequacies of the Dutch East India Company caused the long-suffering burghers of Swellendam to revolt, and in 1795 they declared themselves a Republic, but this was short-lived due to the occupation of the Cape by the British. With the arrival of British settlers in the early 1800's the Overberg boomed, and its capital, Swellendam, was soon the heart of the famous mercantile empire of Barry and Nephews, created by Joseph Barry.

By the middle of the 19th century, the eastern districts had been colonized by the British settlers and Swellendam was a thriving metropolis. The town served as a useful refreshment station on the long, slow journey up the coast. Today Swellendam is a flourishing agricultural area, and has many attractive and historic buildings which serve as a reminder of its exciting past.

The first known sketch of Swellendam was of the Drostdy, by Johannes Schumacher in 1776, when he accompanied the son of Governor Swellengrebel to the town.

Today the Drostdy forms part of a museum complex that consists of several heritage sites.





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### *Buffelsjagsrivier*

Buffelsjagsrivier is situated in the Western Cape, South Africa. It is a small town but it is quiet and charming and a great way to get away from the busy city lifestyle. The mountains are magnificent and add character and offer spectacular scenic views.

### *Suurbraak*

The dappled shadows cast from the Langeberg Mountains bathe the tiny village of Suurbraak, sheltered by the giant oaks, while the Buffeljachts River flows gently

beside it. This beautifully situated village, formerly called Zuurbraak, is at the foot of the Langeberg mountains, on the southern end of the Tradouw Pass about 5km away. Only 19km east of Swellendam, and only 10km off the N2.

Zuurbraak means 'sour brake', or the thicket racket ferns that still grow plentifully in the wetland area or Xairu, meaning heavenly place or paradise. The first inhabitants of the area were the Attaqua tribe of the Quena people, and the town today lies on their ancient trade routes. The kraals (settlements) of these trading people possessed such natural beauty that they called it Xairu, meaning 'beautiful'. The earliest Dutch cattle traders translated the name as 'paradise'.

Suurbraak was established as a mission station in 1812 by the London Mission Society and later in 1875 taken over by the 'Algemene Sending Kerk'. The original church, parsonage and school date back to 1828 and the cluster of cottages, which line either side of the road was constructed in 1883.

### *Barrydale*

The region was referred to as Kannaland on a map produced in 1843, this name being derived from the genus, Kanna. This area has a higher rainfall than the Karoo, which gave rise to permanent populations of Quena or Hottentot people of the Attaqua tribe in the low lying floor of the valley and to the Bushmen / Khoisan, who inhabited the mountains.

The Attaqua had a path, parts of which are still visible today, through the Langeberg, which followed the deep, and steep, ravine known as the Tradouw Poort. Tradouw is a Hottentot word meaning "the women's poort or footpath". The Attaqua had kraals on "the other side" of the mountains, round the village now known as suurbraak, known by them as xairu, meaning beautiful.

Early visitors were Isaac Schrijver and his party, who were sent to this area in 1689 by Simon van der Stel and Lady Anne Barnard, who travelled in the Overberg and Little Karoo in 1798.





## Chapter 1: Executive Summary

After 1700 the settlers attracted to the remote corners of the Overberg, began searching for new land to farm. It began searching for new land to farm. It had to have an ample supply of water and the soil had to be fertile. The area around Barrydale was particularly desirable.

The pathways and tracks through Tradouw Poort proved too steep for them to be turned into wagon routes and the journey via Cogman's Kloof was both tedious and time consuming for those wishing to sell their produce in Swellendam. In 1867 plans were made for the construction of a road, to be built by convicts, through the Langeberg linking Swellendam and what is now the village of Barrydale.



In time the farmers who settled on the lands in the valley at the top of the Tradouw Pass decided they wanted their own church and the chosen spot was at the point where the R62 and R324 meet. Thus the village owes its existence to both a church and crossroads.

In 1878 land was purchased from the Collier brothers and the Dutch Reformed Community of Barrydale came into being on 8 September 1880, prior to which it had been under the jurisdiction of Swellendam.

The village was named after James Barry, an early settler in the Overberg, who was not only a trader but acted as lawyer, agent and auctioneer, deputy sheriff and commandant of militia. He became a member of the legislative Council when representative government was granted to the Cape in 1854.

In the early days of Barrydale there was a little in the village apart from nagmaal houses used by the farmers coming to the village to attend church. However, there was a school.

After the collapse of the "Barrydale Empire", William Sterner, who arrived as a "smous", became Barrydale's financial success story owning the general dealer shop, the hotel, the draper's, the shoemaker's and the gunsmith's. Barrydale grew over the years and by 1921 the Municipality was established. The Barrydale Koöperative Wynkelder was formed in 1940 and distillery set up. The farmers were encouraged to plant vineyards, and orchards, growing fruit for canning and export.

Barrydale, like all little Little Karoo villages, has known times of hardship and prosperity. Today is the centre of a prosperous farming district, it enjoys perfect year round weather and its wonderful scenic setting attracts a steadily growing number of visitors.



## Chapter 1: Executive Summary

### 1.4 Service Delivery Overview

#### 1.4.1 Basic services delivery performance highlights

Highlight	Description
Upgrading of Swellendam Water Treatment Works (WTW)	The project commenced in 2013/14 and was completed in 2014/15. The capacity is now estimated at 7ml/day to stimulate growth and development.
Upgrading of the Buffeljags River Reservoir & WTW	Construction regarding the upgrading of the Buffeljags River Reservoir & WTW commenced in June 2015
Klippe Rivier Waste Water Treatment Works (WWTW)	The last phase (phase 2 -the Breede River effluent pipeline) was completed
Govan Mbeki 2015 Award	The Govan Mbeki 2015 Award received for the Electrified housing for the entire housing project in Railton Smarty Town
IWMP in final stages	Public Comments currently called for
Youth in waste project	10 Temporary jobs were created for the youth as well as community training conducted in regard to information of cargo management. Refuse collection conducted in tons at the landfill site
First A-Grade (surfaced roads) project in the Western Cape.	Upgrading of the first phase of the Railton Housing Project from gravel roads to paved roads
First project in Western Cape to comply with the new top structure standard	Retrofitting of 115 top structures from previous standard to new standard (including internal electrical plugs and lights in each room) and the completion of 155 houses to the new standard
Completion of first phase of serviced erven in Railton	Relocation of 245 families to newly serviced erven from the Railton informal settlement
Servicing of Sites in Buffeljagsrivier	Completion of services (including surfaced roads) for 73 erven in Sovereign Estate

Table 6.: Basic Services Delivery Highlights

#### 1.4.2 Basic services delivery challenges

Challenge	Actions to address
There is a shortage of personnel to do the day to day maintenance works as well as limited trained personnel in Engineering Department	The appointment of skilled personnel and training should be provided to comply to Regulation 2834/17
Deterioration of Infrastructure	Infrastructure replacement needs to be commenced using Water Master Plan as guideline
Replacement of old LV lines should be done throughout the municipal area however budgetary constraints are experienced	Additional funding should be sourced in order to address the issue
Generators are required at different sights of water treatment plants and waste water treatment plants, however budgetary constraints are experienced	Additional funding should be sourced in order to address the issue
Illegal informal structures management	A register needs to be compiled in order to address the management of Illegal informal structures





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Challenge	Actions to address
Shortages of bulk services for housing development	Application must be made for MIG Funding to address the shortages of bulk services for housing development

**Table 7.:** Basic Services Delivery Challenges

### 1.4.3 Number of Households with access to Basic Services

Description	2013/14	2014/15
Electricity service connections	5 472	5 820
Water - available within 200 m from dwelling	6 000	6 339
Sanitation - Households with at least VIP service	5 570	5 747
Waste collection - kerbside collection once a week	5 564	5 758

**Table 8.:** Households with minimum level of Basic Services

## 1.5 Financial Health Overview

### 1.5.1 Financial Highlights

Highlight	Description
Divide the income section into two divisions.	Assessment rates and services being divided to render a better service to the resident of Swellendam.
Appoint a ITC manager	A first for Swellendam Municipality
Recovery rate over 100%	The second year that the payment rate is over 100%

**Table 9.:** Financial Viability Highlights

### 1.5.2 Financial Challenges

Challenge	Action to address
Implementation of SCOA	With the limited human resources in the department the implementation of SCOA will be a huge challenge
Increased cash reserves	To increase the cash reserves to finance the capital program and stimulate growth without external loans
Compliance	With the limited human resources it is extremely difficult to comply with all the requirements of National Treasury, provincial treasury and all the other compliances
SCM	To appoint a central buyer to streamline the SCM process

**Table 10.:** Financial Viability Challenges



## Chapter 1: Executive Summary

### 1.5.3 National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

Description	Basis of calculation	2013/14	2014/15
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.12	2.11
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.12	0.14
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	11.64	8.87

**Table 11.:** National KPI's for financial viability and management

### 1.5.4 Financial Overview

Details	Original budget	Adjustment Budget	Actual
	R'000		
Income			
Grants	60 980 000	89 913 924	83 316 243
Taxes, Levies and tariffs	126 112 050	118 493 269	108 136 860
Other	9 220 200	27 760 500	32 725 111
Sub Total	196 312 250	236 169 163	224 178 214
Less Expenditure	195 759 259	221 269 632	208 231 080
Net surplus/(deficit)	552 991	14 899 531	15 947 134

**Table 12.:** Financial Overview

## 1.6 Organisational Development Overview

### 1.6.1 Municipal Transformation and Organisational Development Highlights

Highlights	Description
Senior management positions	All senior management positions have been filled
Placement of staff	Staff have been placed according to the new organizational structure
Job descriptions	The process of signing the new job descriptions has commenced
Policies	A number of HR policies have been approved and implemented. The training and development policy is certainly the highlight of these. For the first time the Swellendam Municipality can embark



## Chapter 1: Executive Summary

Highlights	Description
	on a proper training and development programme for all staff members.

**Table 13.:** *Municipal Transformation and Organisational Development Highlights*

### 1.6.2 Municipal Transformation and Organisational Development Challenges

Description	Actions to address
Concluding the signing of job descriptions	Consultative sessions with staff and management
Dealing with under capacity in the department infrastructural services	Review and rationalize the staff structure of the sections water-, sewer- and roads- network

**Table 14.:** *Municipal Transformation and Organisational Development Challenges*

Four broad basic aspects as now contained in the MTAS remain unchanged from the previous year's IDP and also form the basis for the 2014/15 Revised IDP. These are:-

- ✚ The strategy to concentrate on priority outputs attainable within the monetary constraints of the municipality, with specific focus on financially viable service delivery, development of internal capacity and improved communication, both internally and externally:
  - Council's primary aim is to create a financially viable municipal institution crucial for the provision of municipal services in a sustainable manner.
  - Council's main challenge relates to maintaining service quality/levels and affordable services
  - A further of Council's main challenges is to upgrade bulk services so as not to hamper development.
- ✚ Acquire land for housing and cemeteries.
- ✚ Focus on priorities identified in strategic planning between Council and Management and as contained in the MTAS.
- ✚ Improved customer care.

## 1.7 Auditor General Report

### 1.7.1 Audited Outcomes

Year	2011/12	2012/13	2013/14	2014/15
Opinion received	Disclaimer	Unqualified with findings	Unqualified with findings	Unqualified with no findings/ Clean Audit

**Table 15.:** *Audit Outcomes*



# Chapter 2





## Chapter 2: Service Delivery Performance

### CHAPTER 2

#### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

##### 2.1 National Key Performance Indicators - Good Governance and Public Participation

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2013/14	2014/15
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	71.74	62.88

**Table 16.:** National KPIs - Good Governance and Public Participation Performance

##### 2.2 Performance Highlights - Good Governance and Public Participation

Highlight	Description
Unqualified Audit (2013/2014)	The Audit outcome for 2013/ 2014 was unqualified.
Ward Committee functionality	Ward committees meet regularly in all wards
Swellendam Municipal Advisory Forum	Two productive meeting were held and all communities was represented
Community meetings	The community meetings were attended by all senior managers and a number of managers on middle management level.
Newsletters	External and Internal newsletters were drafted and distributed on a quarterly basis.
Social media platforms	Policies implemented on SMS system and Face book
Corporate gifts	Corporate gifts policy implemented during the year.

**Table 17.:** Good Governance and Public Participation Performance Highlights





## Chapter 2: Service Delivery Performance

### 2.3 Challenges - Good Governance and Public Participation

Description	Actions to address
Ward based planning	Ward based planning will be implemented during the 2015- 2016 financial year
Public Participation policy	Draft approved. To be approved by Council in September 2015
Language policy	Draft to be submitted to Council 27 August 2015 and finally to be approved on 30 October 2015
Access to information manual	To be revised and published by 31 November 2015
Corporate Identity and Coat of arms policy	To be approved by Council on 30 September 2015

**Table 18.1:** Good Governance and Public Participation Challenges

### 2.4 Governance Structure

#### 2.4.1 Political Governance Structure

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, Councilors are also actively involved in community work and the various social programmes in the municipal area.

##### a) Council

The Council comprises 9 elected Councilors, made up from 5 Ward Councilors and 4 Proportional Representation (PR) Councilors. The portfolio committees are made up of councilors drawn from all political parties.

Below is a table that categorised the councillors within their specific political parties and wards for the 2014/15 financial year:

Council Members	Capacity	Political Party	Ward representing or proportional	Number of meetings attended
NG Myburgh	Executive Mayor	DA	Proportional	15
RE Carelse	Deputy Executive Mayor	ACDP	Proportional	15
MJ Koch	Speaker	DA	4	15
J du T. Loubser	Councillor	DA	1	15
HC Hartnick	Councillor	DA	3	15
G Libazi*	Councillor	ANC	Proportional	13
G Libazi**	Councillor	ANC	5	13
MTA Swart	Councillor	ANC	2	12
DC Pietersen (deceased)	Councillor	ANC	5	13
DP Mtila	Councillor	ANC	Proportional	n/a
JC Nortje	Councillor	ANC	Proportional	14



## Chapter 2: Service Delivery Performance

Council Members	Capacity	Political Party	Ward representing or proportional	Number of meetings attended
<i>Council 2014/15</i>				
*G Libazi –Proportional member until 3 February 2015				
**G Libazi – Ward 5 from 4 February 2015				

**Table 19.: Council**

Below is a table which indicates the Council meetings attendance for the 2014/15 financial year:

Meeting dates	Meeting	Council Meetings Attendance	Apologies for non-attendance
30 July 2014	Special Council	8	1
27 August 2014	Ordinary Council	9	0
30 October 2014	Ordinary Council	9	0
27 November 2014	Ordinary Council	9	0
9 December 2014	Ordinary Council	9	0
30 January 2015	Ordinary Council	9	0
26 February 2015	Ordinary Council	8	1
26 March 2015	Ordinary Council	8	1
30 April 2015	Ordinary Council	8	1
28 May 2015	Ordinary Council	7	2
24 June 2015	Ordinary Council	9	0

**Table 20.: Council meetings**

### b) Executive Mayoral Committee

The name and portfolio of each Member of the Mayoral Committee is listed in the table below for the period 1 July 2014 to 30 June 2015:

Name of member	Capacity	Meeting dates
NG Myburgh	Executive Mayor	20 August 2014 17 September 2014 28 October 2014 19 November 2014
RE Carelse	Deputy Mayor	21 January 2015 18 February 2015 18 March 2015
HC Hartnick	Councillor (Member of Mayco)	22 April 2015 20 May 2015 18 June 2015

**Table 21.: Mayoral Committee Members**



## Chapter 2: Service Delivery Performance

### c) Portfolio Committees

Section 80 committees are permanent committees that specialise in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise the executive committee on policy matters and make recommendations to Council. Section 79 committees are temporary and appointed by the executive committee as needed. They are usually set up to investigate a particular issue and do not have any decision making powers. Just like Section 80 committees they can also make recommendations to Council. Once their *ad hoc* task had been completed, Section 79 committees are usually disbanded. External experts, as well as Councillors can be included on Section 79 committees.

The portfolio committees for the 2011/16 Mayoral term and their Chairpersons are as follow:

Chairperson	Other members	Meeting Dates
<b>Finance and Corporate Committee</b>		
NG Myburgh	HC Hartnick	11 September 2014 16 October 2014 13 November 2014
	D Pietersen (deceased and was replaced by M.T. A. Swart)	12 February 2015 12 March 2015 17 April 2015
	(Secundi: JC Nortje)	14 May 2015 10 June 2015
<b>Engineering Services Committee</b>		
HC Hartnick	J du T Loubser	1 October 2014 16 October 2014 13 November 2014
	JC Nortje	12 February 2015 12 March 2015 16 April 2015
	(Secundi: MTA Swart)	14 May 2015 11 June 2015
<b>Housing Committee</b>		
RE Carelse	NG Myburgh	14 August 2014 16 October 2014 13 February 2015
	MTA Swart	17 March 2015 16 April 2015 11 June 2015
	(Secundi: G Libazi)	

**Table 22:** Portfolio Committees



## Chapter 2: Service Delivery Performance

### 2.4.2 Administrative Governance Structure

The table below indicates the administrative governance structure for the period under review:

Name of Official	Position	Performance agreement signed
		Yes/No
CM Africa	Municipal Manager	Yes
D du Plessis	Director Corporate Services	Yes
K Stuurman	Director Community Services (Appointed 1 September 2014)	Yes
H Schlebusch	Director Financial Services	Yes
BG Badenhorst	Director Engineering Services	Yes

Table 23.: Administrative Governance Structure

The year under review was stable and for the first time since the new council took office in 2011, the municipality could function properly for the full year. The administrative government structure was fully capacitated since 1 September 2014. The Management team has more than 130 years of municipal experience. The management team is however not representative.

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

Explain the various contributions to service delivery offered by those involved.

### 2.5 Intergovernmental Relations

In terms of the Constitution of South Africa, all spheres of government and all organs of state within each sphere must co-operate with one another in mutual trust and good faith fostering friendly relations. They must assist and support one another; inform and consult one another on matters of common interest; coordinate their actions, adhering to agreed procedures and avoid legal proceedings against one another.

#### 2.5.1 Intergovernmental Structures

To adhere to the principles of the Constitution as mentioned above the municipality participates in the following intergovernmental structures:

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
Municipals Managers Forum	Municipal Managers, SALGA, LGWC	n/a
Premiers Coordinating Forum (PCF)	The <i>plenary</i> session of the PCF is composed of the Premier (the chair) and all MEC's, the Director-General and Head of Departments, Mayors and Municipal Managers of all 30 municipalities (including Metro). The composition of the PCF <i>cluster</i> session is	The objective of the PCF is to promote and facilitate intergovernmental relations and cooperative government between provincial government and municipalities to ensure integrated, effective and efficient service delivery. The PCF is the primary consultative forum for the Premier of the Western Cape and municipalities within the



## Chapter 2: Service Delivery Performance

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
	similar to the PCF plenary except that Premier is not part of the cluster sessions and the sessions are chaired by relevant MEC's and co-chaired by the host district mayor.	province to discuss and consult on matters of mutual interest. Existing provincial and municipal IGR engagements and national IGR engagements feed into the PCF and vice versa. The PCF consists of the PCF <i>plenary</i> and PCF <i>cluster</i> sessions. i.e. Social, Economic and Governance and administration. Resolutions or referrals from the cluster sessions feed into the PCF Plenary session for final resolution and adoption.
SALGA Working Groups	SALGA, Municipal Managers, Senior Managers, Councilors and division heads of municipalities	SALGA's programs are driven through its working groups. The working groups act as the policy and strategic engine of the organisation and serve as an important platform for the communication and coordination between SALGA national, provinces and municipalities. The main purpose of working groups is to encourage, ensure and promote local government matters which, include: Cooperative governance; Consultation and coordination; and Participative decision-making. The working groups, within their derived mandate, must develop policies, strategies and programmes to address critical local government issues.
District Coordinating Forum (DCF)	Mayors, Councilors, Municipal Managers, SALGA and PGWC	The objective of the DCF is to promote and facilitate intergovernmental relations and cooperative government between the District Municipality and the local Municipalities in the area of jurisdiction. It is to ensure integrated, effective and efficient service delivery and is a primary consultative forum for the municipalities to liaise on matters of mutual interest.
Municipal Governance Review & Outlook (MGRO) Strategic engagement	Provincial Treasury, PGWC, Senior Managers of Municipalities	The Western Cape Government aims to continuously improve the level of Municipal governance and audit outcomes within Western Cape municipalities. The MGRO process has since 2012 assisted municipalities to improve their state of Governance and partnership between provincial and local government has been strengthened. It is evident that the objective of the MGRO process to drive a single minded focus on clean governance has had a concomitant impact in terms of the improvement of municipal audit outcomes over the past three years.
Back to Basics	PGWC, Department of Cooperative Government and Traditional Affairs, Senior Managers of Municipalities	The Swellendam Municipality is part of the Back to Basics programme, previously known as the Local Government Turn Around Strategy. The aim of Back to Basics is to ensure that all municipalities around the country deliver quality services to all South Africans. The back to basics programme is a high level engagement to understand the challenges and to decide on support needed from sectorial department within the province.
IDP Managers Forum	All Provincial Government Departments	The Provincial IDP Forums focused on the extent to which municipalities have been able to reflect alignment between municipal and sector planning in the IDP, which Province facilitates quarterly.  The IDP Manager Forums at a district level should provide a platform for sharing good practices and where peer support can be provided. This raises the question as to how effective the intergovernmental planning structures





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Name of Structure	Members	Outcomes of Engagements/Topics Discussed
		are in ensuring the sharing of best practice and the provision of peer. Possible areas of collaboration and co-ordination by the District include the development of Coastal Management Plans, Air Quality Management Plans and Water Management Plans as an example.
LED Managers Forum	n/a	n/a
SCM Forum	n/a	n/a
Integrated Waste Management (IWM) Forum	n/a	n/a
IDP Indaba's	All Provincial Government Departments	<p>To discuss the implementation of IDP projects in the municipality</p> <p>To discuss sector departmental projects that will be implemented in a specific locality in the municipality</p> <p>To provide a physical location of the implementation of these projects in a space in the municipal area where this is possible</p> <p>To agree on time frames, support needs, and resource allocation</p>
Provincial Public Participation and Communication Forum (PPPCOM)	n/a	n/a
IDP Working Group	n/a	n/a
Provincial Skills Development Forum	Skills Development Facilitator (SDF), LGSETA, Municipal Infrastructure Support Agent (MISA), Provincial Treasury, Provincial Training	The purpose of this forum is to give the SDF's from Western Cape municipalities a platform to share information, get feedback from LGSETA and other training authorities on possible funding and status of approved projects and submit quarterly reports. SDF's from different municipalities liaise with LGSETA concerning the Sector Skills Plan, WSP and discretionary grant application and processing matters. New software is tested to improve processes and municipalities identify and arrange for regional and national training projects. Monitor trends in training sector and liaise with other SETA's or training bodies if and when necessary. Equity-related matters are also prominent on the agenda of this forum.
HR Practitioner's Forum	SDF's, LGSETA, MISA, Provincial Treasury, Provincial Training	The purpose of this forum is to give the SDF's from Western Cape municipalities a platform to share information, get feedback from LGSETA and other training authorities on possible funding and status of approved projects and submit quarterly reports. SDF's from different municipalities liaise with LGSETA concerning the Sector Skills Plan, WSP and discretionary grant application and processing matters. New software is tested to improve processes and municipalities identify and arrange for regional and national training projects. Monitor trends in training sector and liaise with other SETA's or training bodies if and when necessary. Equity-related matters are also prominent on the agenda of this forum.



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Name of Structure	Members	Outcomes of Engagements/Topics Discussed
Overberg Air Quality Forum (AQF)	Dedicated officials (Air Quality Officers) of Municipalities within the Overberg and officials from Western Cape Government Environmental Affairs and Development Planning (DEADP)	The objective is to ensure proper communication between the ODM and other local municipalities, provincial government, business and industry as well as interested and affected parties. Dedicated officials attend forum meetings and make representations
Overberg Planning Forum (OPF)	Spatial Planners, land surveyors and environmental practitioners in the government as well as private sector.	Quarterly meetings take place between different government sectors and the private sector to ensure proper spatial planning within municipalities and to discuss issues of mutual nature. (New planning legislation, policies, etc)

**Table 24.:** Intergovernmental Structures

### 2.5.2 Joint projects and functions with Sector Departments

All the functions of government are divided between the different spheres namely National, Provincial and Local. The municipality therefore share their area and community with other spheres of government and their various sector departments and has to work closely with national and provincial departments to ensure the effective implementation of various projects and functions. The table below provides detail of such projects and functions:

Name of Project/ Function	Expected Outcome/s of the Project	Sector Department/s involved	Contribution of Sector Department
PSG 1: Create opportunities growth and jobs	Create a business environment conducive to economic growth and employment opportunities 1.Establishment of Swellendam Business Forum 2.Reviewed LED Strategy 3. Participatory Appraisal of the Competitive Advantage (PACA) process	Department of Economic Development and Tourism (DEDAT)	DEDAT will engage the municipalities around their specific needs and advice on how to build on existing support provided. DEDAT will also facilitate discussion with local private sector and along with other depts. support the municipalities to get increased local private sector involvement and coordination going. Capacity building in local government. Requested support provided. This JPI was completed in Q4 of financial year 2014/2015.
PSG 5: Embed good governance and Integrated Service Delivery through partnerships	Strengthen governance through meaningful public participation and efficient use of ICT technology 1.Revised Provincial Public Participation Framework 2.Municipal policy on Public Participation 3.Ward Committee member training	Department of Local Governance (DLG)	Develop Public Participation and Communication Strategy / Framework. Draft developed internally by the municipality. DLG scrutinised the policy and gave advice. Assist the 4 municipalities with the revision of their strategies (by end March 2016)
PSG 4: Enable a resilient, sustainable, quality and inclusive living environment	Develop integrated and sustainable human settlements 1.Comprehensive Land Audit 2.Improved efficiency in waste management	DEADP and DLG	Infrastructure and Growth Plan Review for Infrastructure & Growth Plan (IGP) is scheduled for 2016/17. Meet with the Municipality and get better understanding of the municipal needs; identify possible funding sources (per project) Assist the Municipality with funding



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Name of Project/ Function	Expected Outcome/s of the Project	Sector Department/s involved	Contribution of Sector Department
			applications (MIG, RBIG, ACIP) Facilitate engagements between the Municipality and the Department of Water and Sanitation to develop/revise Water Conservation / Water Demand Management Strategy (WC/WDM) Identify most suitable projects to be implemented under the WC/WDM and assist with applications
PSG 3: Increase Wellness, safety and reducing social ills	Enable social upliftment and well-being through programmes in education, health, community safety and youth development 1.Improved education outcomes and performance 2.Entrepreneurial skills training	DEDAT and Department of Higher Education and Training (DHET)	(ABET, TVEC, Infrastructure) Assess the need per education district (done) Liaison with DHET (on-going) Request DHET to report to DLG on progress. Curriculum and Academics, Retention, ECD, Career guidance, Rural needs Assess the needs per education district (done) Conclude District Improvement Plan (done) Implement plan for the academic year 2015 (on-going) Assess outcomes and effectiveness (end 2015)

**Table 25.:** Joint projects and functions with Sector Departments

### COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the Municipal Systems Act (MSA) refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- ✚ the preparation, implementation and review of the IDP;
- ✚ establishment, implementation and review of the performance management system;
- ✚ monitoring and review of the performance, including the outcomes and impact of such performance; and
- ✚ preparation of the municipal budget.

#### 2.6 Public Meetings

Public meetings take place in case of urgent matters that needs public input, the traffic department will do the loud-haling in the various towns, or give out pamphlets door to door. The Councilors is usually the convener at these meetings. Councilors are supposed to have 4 public meetings per year. The purpose is to give feedback to the community members in their wards, what has happened and what are the projects/programs they want to see happening in their wards.



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In the past not many public meetings were held, improvement has been made, and more public meetings has been held. The Councilors also have Ward report back meetings in their wards. The members of the Ward meetings is also involve in spreading the word about the importance of these meetings and the attendance of the community.

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Dates and manner of feedback given to community
IDP Public Feedback meetings	13 October 2014	Ward 1 J du T Loubser Mayor	6	10	The Mayor gave Feedback to the public and stakeholders on a Swellendam Municipal Advise Forum which took place on the 7 April 2015
	14 October 2014	Ward 2 MTA Swart	7	43	
	15 October 2014 Malagas	Ward 3 H Hartnick	4	14	
	15 October 2014 Buffeljagsrivier	Ward 3 H Hartnick	4	48	
	16 October 2014	MJ Koch Mayor	6	24	
	11 November 2014	G Libazi Mayor	5	70	
	10 November 2014 Suurbraak	H Hartnick Mayor	4	59	

Table 26.: Public Meetings

### 2.6.1 Ward Committees

The ward committees support the Ward Councilor who receives reports on development, participate in development planning processes, and facilitate wider community participation. To this end, the municipality constantly strives to ensure that all ward committees function optimally with community information provision; convening of meetings; ward planning; service delivery; IDP formulation and performance feedback to communities.

#### a) Ward 1: Swellendam and Rural areas of Stormvlei and Nooitgedacht

Name of representative	Capacity representing	Dates of meetings held during the year
T Loubser	Ward Councillor	9 February 2015; 23 March 2015 1 June 2015;
H Smit	Lions	
I Olivier	CAP Woman	
W Olivier	Religion	
T Meyers	Gemkor - Safety	



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Name of representative	Capacity representing	Dates of meetings held during the year
V Bezuidenhout	Business	

**Table 27.: Ward 1 Committee Meetings**

*b) Ward 2: Barrydale, Smitsville, part of Suurbraak, Vleiplaas and surrounding rural areas*

Name of representative	Capacity representing	Dates of meetings held during the year
A Swart	Ward Councillor	26 February 2015 4 March 2015 11 March 2015 2 April 2015 28 May 2015;
J Michaels	Sport	
H Michaels	Emerging Farmers	
F Nortje	Education	
M Windvogel	Women	
A van Vliet	Youth	
M Pokwas	Safety	

**Table 28.: Ward 2 Committee Meetings**

*c) Ward 3: Buffeljagsrivier, the largest part of Suurbraak, Mullersrus and Malagas/Infanta*

Name of representative	Capacity representing	Dates of meetings held during the year
H Hartnick	Ward Councillor	12 March 2015 24 March 2015 24 April 2015 9 June 2015
F Witbooi	Religion	
M Theodore	Sport	
M Wagner	Disabled and Social Wellbeing	
J Prins	Business	
V Roman	Youth	
P Topp	Women	
A Harmse	Housing	

**Table 29.: Ward 3 Committee Meetings**

*d) Ward 4: Part of town of Swellendam and part of Railton*

Name of representative	Capacity representing	Dates of meetings held during the year
M Koch	Ward Councillor	16 April 2015 12 May 2015 19 May 2015 11 June 2015
I Ogilvie	Health	
K Jonkers	Women	
R Booth	Geographical	
I Johnson	Youth	
F Davids	Safety	

**Table 30.: Ward 4 Committee Meetings**





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### e) Ward 5: Part of town of Swellendam and part of Railton

Name of representative	Capacity representing	Dates of meetings held during the year
R Davids	Sport	24 February 2015 12 March 2015 27 April 2015 5 May 2015 8 June 2015
J Badela	Religion	
J Dirks	Social wellbeing	
S Mpantu	Informal settlement/ Geographic	
G Libaszi	Ward Councillor	

Table 31.: Ward 5 Committee Meetings

### 2.6.2 Functionality of Ward Committee

The purpose of a ward committee is:

- ✚ to get better participation from the community to inform council decisions;
- ✚ to make sure that there is more effective communication between the Council and the community; and
- ✚ to assist the ward councillor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward councillor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward councillor who makes specific submissions directly to the administration. These committees play a very important role in the development and annual revision of the integrated development plan of the area.

The table below provides information on the establishment of Ward Committees and their functionality:

Ward	Committee established Yes / No	Number of meetings held	Committee functioning effectively (Yes / No)	Actions to address
1	Yes	4	Yes	Sector feedback meetings
2	Yes	6	Yes	Sector feedback meetings
3	Yes	6	Yes	Sector feedback meetings
4	Yes	6	Yes	Sector feedback meetings
5	Yes	7	Yes	Sector feedback meetings

Table 32.: Functioning of Ward Committees



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### 2.6.3 Representative Forums

#### a) Labour Forum

The table below specifies the members of the Labour Forum for the 2014/15 financial year:

Name of representative	Capacity	Meeting dates
D du Plessis	Employer representative management	14 July 2014 11 August 2014 15 September 2014 16 October 2014 21 January 2015 12 February 2015 12 March 2015 16 April 2015 14 May 2015
H Schlebusch	Employer representative management	
B Badenhorst	Employer representative management	
H Hartnick	Employer representative political	
R Carelse	Employer representative political	
J Nortje	Employer representative political (secundi)	
M Windvogel	Union representative SAMWU	
P Mitchell	Union representative SAMWU	
K Abrahams	Union representative SAMWU	
Z van der Vent	Union representative IMATU	
D Julius	Union representative IMATU	
P le Roux	Official Capacity Manager HR	
J Kapp	Official Capacity Labour Relations Officer	
B Windvogel	Official Capacity Administrative clerk – HR	

Table 33.: Labour Forum

#### b) Swellendam Municipal Advisory Forum (SMAF)

The table below specifies the members of the SMAF Forum for the 2014/15 financial year:

Name of representative	Capacity	Meeting dates
N.G. Myburgh	Chairperson	12 November 2014 07 April 2015
All Ward Councillors	Members	
Representatives from ward committees	Members	
Representatives from sector departments	Members	
All senior managers	Members	
Representatives from various sectors	Members	
Rate payers associations	Members	

Table 34.: Municipal Advisory Forum



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### COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

#### 2.7 Risk Management

To maintain an overall positive perception of the municipality and confidence in the municipality from the public and other stakeholders, well planned goals and objectives should be coordinated and achieved within the municipality. Section 62(1) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) stipulates that the Accounting Officer must take all reasonable steps to ensure that the municipality has and maintains an effective, efficient and transparent system of financial and risk management and internal control as well as the effective, efficient and economical use of the resources of the municipality. The has instituted such a systematic and formalized process in order to identify, assess, manage and monitor risks which effectively ensures achievement of those planned goals and objectives. Thus, risk management us essentially a good governance measure instituted to ensure the municipality accomplish its vision, mission and strategic plans.

The municipality has made tremendous progress with the implementation of risk management for the period under review. The Risk Management Policy has been reviewed on an annual basis. The municipality has established a Fraud & Risk Management Committee (FARMCO) that meets quarterly. The 2014- 2015 risk register has been completed. The risk assessment for 2015-2016 has been done. Risk management is the responsibility of the Director Corporate Services in consultation with the Internal Auditor. Risk management champions has been appointed in all sections. A shared services agreement on risk management has been signed with the Overberg District Municipality. All the municipalities in the Overberg is part of the shared service. A Chief Risk Officer has been appointed on district level to assist municipalities in the ensuing year.

Risk management is the responsibility of the Director Corporate Services in consultation with the Internal Auditor to ensure the following functions are performed:

- ✚ Developing the risk management policy, strategy and implementation plan;
- ✚ Coordinating risk management activities;
- ✚ Facilitating identification and assessment of risks;
- ✚ Recommending risk responses to Management; and
- ✚ Developing and disseminating risk reports.



## Chapter 2: Service Delivery Performance

### 2.7.1 Risk Assessment Process

As part of our approach to the identification and on-going management of risks across Swellendam Municipality, a service provider was appointed to facilitate various risk identification and rating workshops with members of the management team and staff. The report will be used for the continuing risk management processes, and for managing and monitoring of risks across the organization on an on-going basis. The Risk assessment for the 2014/15 financial year were completed during June 2014 where risks were identified and categorized into the following groups:

- ✚ Strategic
- ✚ Operational risks

The risks identified were classified into high, medium and low risks to determine the inherent risk (impact risk has before taking controls into consideration). The risk rating is determined by 10 X 10 risk matrix.

### 2.7.2 Top Strategic Risks for municipality

As part of the risk assessment, management identified current controls, which mitigates the inherent risks identified. After considering controls, the identified risks will receive a residual risk.

After the residual risks have been determined it will be categorized again according to high, medium and low risks, where management determined which of the residual risk required further actions to mitigate the residual risk to lessen the severity of the risk identified.

The top ten strategic risks of the municipality are for the financial year were as follow:

Risk	Inherent Risk Rating	Current Controls	Residual Risk Exposure
Inadequate business continuity processes.	81	1. IT back up in place. 2. Archive processes in place. 3. Insurance in place. 4. Remote offices in place.	56
Inability to enhance access to basic services and address maintenance backlogs.	90	1. IDP aligned to key objectives. 2. Budget is aligned to IDP. 3. SDBIP is informed by the IDP and Budget. 4. Regular performance monitoring and evaluations (performance management system).	49
Inability to enhance economic development with focus on both first and second economies.	70	1. IDP aligned to key objectives. 2. Budget is aligned to IDP. 3. SDBIP is informed by the IDP and Budget. 4. Regular performance monitoring and evaluations (performance management system). 5. Swellendam outsourced tourist function used to promote LED.	49
Inability to develop integrated and sustainable settlements with	42	1. IDP aligned to key objectives. 2. Budget is aligned to IDP. 3. SDBIP is informed by the IDP and Budget.	35



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Risk	Inherent Risk Rating	Current Controls	Residual Risk Exposure
the view to correct spatial imbalances.		4. Regular performance monitoring and evaluations (performance management system).	
Inability to promote good governance and community participation and achieving a clean administration.	56	1. IDP aligned to key objectives. 2. Budget is aligned to IDP. 3. SDBIP is informed by the IDP and budget. 4. Regular performance monitoring and evaluations (performance management system). 5. Monthly monitoring of audit actions plan. 6. Regular internal audit reviews. 7. MPAC reporting.	32
Lack of understanding of roles and responsibilities (among politicians and administration).	64	1. S53 of the MSA (roles and responsibilities document). 2. Workshops on roles and responsibilities. 3. Delegations of authority. 4. Code of conduct and ethics. 5. Disciplinary code. 6. Audit Committee. 7. MPAC oversight. 8. S32 Committee. 9. Gifts Policy and register. 10. Fraud and Anti-Corruption Policy.	30
Inadequate reserves and increase in revenue.	25	1. Attempts made to generate savings in order to build up a reserve. 2. Improved collection rate.	25
Inability to improve financial viability and management.	64	1. IDP aligned to key objectives. 2. Budget is aligned to IDP. 3. SDBIP is informed by the IDP and budget. 4. Regular performance monitoring and evaluations (performance management system). 5. Monthly monitoring of audit actions plan. 6. Regular internal audit reviews. 7. MPAC reporting. 8. Revenue enhancement programme in place. 9. Monthly management monitoring and reporting. 10. Monthly monitoring of SCM compliance.	24
Inability to create a capacitated, people-centered institution.	48	1. Organisational structure reviewed and implementation of TASK 2. Results of skills audit currently under implementation. 3. Change management strategy in place and implemented. 4. LGTAS implemented and monitored. 5. Newly drafted and implemented HR policies. 6. Labour relations effectively managed. 7. Batho Pele principles promoted internally.	20
Inability create a safe and healthy living environment.	20	1. IDP aligned to key objectives. 2. Budget is aligned to IDP. 3. SDBIP is informed by the IDP and budget. 4. Regular performance monitoring and evaluations (performance management system).	4

Table 35.: Top ten risks





## Chapter 2: Service Delivery Performance

### 2.7.3 Fraud & Risk Management Committee

The role of the Fraud & Risk Management committee is to provide timely and useful enterprise risk management report to the Audit Committee of the municipality. The report contains the current top risks of the municipality, which includes:

- ✚ The key strategic and financial risks facing the municipality (all extreme and high risk exposures)
- ✚ The key operational risks per strategic goal

Further detail of the roles of the Fraud & Risk Management committee is included in the approved risk committee charter.

Name of Committee Member	Designation	Capacity	Meeting dates
CM Africa	Municipal Manager	Chairperson	29 July 2014
H Schlebusch	Director: Financial Services	Member	1 October 2014
D du Plessis	Director: Corporate Services	Member	17 November 2014
K Stuurman	Director: Community Services	Member	4 February 2015
BG Badenhorst	Director: Infrastructure Services	Member	7 April 2015
JP Rossouw	Internal Auditor	Standing Invitee	4 June 2015
			22 June 2015

*Table 36.: Fraud & Risk Management Committee*

## 2.8 Anti-Corruption and Anti-Fraud

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favoritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

Swellendam Municipality's Anti-Corruption and Whistle Blower Policy was adopted by council in 2007 and also tabled to the Audit Committee on 30 October 2013. The policy is outdated and lack also a strategy and implementation plan. A new policy with a strategy and implementation plan will be developed in the 2015- 2016 financial year and a draft will be tabled to council in September 2015.

One of the main purposes of an Anti-Corruption policy is to ensure that the Municipality is in compliance with the Municipal Systems Act, Act No. 32 of 2000 which requires the Municipality, amongst other things to develop and adopt appropriate systems and procedures that contribute to effective and efficient management of the municipality and its resources.

Swellendam Municipality's Anti-Corruption and Whistle Blower Policy was adopted by council in 2007 and also tabled to the Audit Committee on 30 October 2013. The policy is outdated and lack also a strategy and implementation plan. A new policy with a strategy and implementation plan will be developed in the 2015- 2016 financial year and a draft will be tabled to council in September 2015.



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One of the main purposes of an Anti-Corruption policy is to ensure that the Municipality is in compliance with the Municipal Systems Act, Act No. 32 of 2000 which requires the Municipality, amongst other things to develop and adopt appropriate systems and procedures that contribute to effective and efficient management of the municipality and its resources.

The Swellendam Municipality has established a Financial Misconduct Disciplinary Board and has also established reporting procedures in terms of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014 read with section 21(1)(a) and (b) of the Municipal Systems Act, 2000 (Act 32 of 2000).

The Financial Misconduct Disciplinary Board consist of:

Name of Committee Member	Designation	Capacity
BP Jansen van Rensburg	Chairperson of the Audit- and Performance Audit Committee	Chairperson
D du Plessis	Director: Corporate Services	Member
JP Rossouw	Internal Auditor	Member

A summary of the reporting procedures is:

1. Fraud, corruption, maladministration or any other dishonest activities of a similar nature will not be tolerated. Such activities will be investigated and actions instituted against those found responsible. Such actions may include the laying of criminal charges, civil and administrative/ disciplinary actions and the recoveries by the municipality where applicable.
2. Prevention-, detection-, response- and investigative strategies will be designed and implemented.
3. It is the responsibility of all employees to report all incidents of fraud and corruption that may come to his / her attention.
4. All reports received will be treated with the requisite confidentiality.
5. All Managers are responsible for the detection, and prevention of fraud and corruption, within their areas of responsibility.
6. Any person can report allegations of fraud or corruption anonymously, they can also contact or write to any member of management, the Municipal Manager, Executive Mayor, the Speaker or Internal Audit or uses the national fraud hotline – 0800 701 701. The public is called upon to report any allegations or real incidents of fraud and corruption.
7. Whistle blowers will be protected. A whistle-blower who reports suspected fraud and/or corruption may remain anonymous should he/she so desire. The municipality will do its best to protect an individual's identity when he/she raises a concern and does not want their identity to be disclosed.
8. No person will suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud and corruption which occurred within Swellendam Municipality. The municipality will not tolerate harassment or victimisation.



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### 2.8.1 Developed Strategies

Name of strategy	Developed Yes/No	Date Adopted
Anti-Corruption and Whistle Blower Policy	Yes	2007
Reporting Procedures for Allegations of Financial Misconduct and Financial Offence	Yes	26 March 2015
Financial Misconduct Terms of Reference of the Disciplinary Board	Yes	26 March 2015

**Table 37.:** Developed Strategies

### 2.8.2 Implementation of Strategies

Strategy to implement	Key Risk Areas	Key measures to curb corruption and fraud
Draft new policy with strategy and implementation plan	There are no strategy or implementation plan currently	Workshops on fraud, corruption and ethics Implementation of code of ethics Posters at all municipal offices on ethics and code of conduct Standing item on management and department agendas

**Table 38.:** Implementation of the Strategies

The Swellendam Municipality has established a Financial Misconduct Disciplinary Board and has also established reporting procedures in terms of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014 read with section 21(1)(a) and (b) of the Municipal Systems Act, 2000 (Act 32 of 2000).

We will be embarking upon a combined assurances model in 2015/16 financial year. The draft assurance policy framework and draft combined assurance plan will be tabled to council for approval on 30 September 2015.

## 2.9 Audit Committee

### 2.9.1 Functions of the Audit Committee

Section 166 of the Municipal Finance Management Act No. 56 of 2003, requires every Municipality to establish and maintain an audit committee, as an independent appraisal function.

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must - (a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on

- ✚ matters relating to
- ✚ internal financial control
- ✚ risk management



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- ✚ performance management
- ✚ effective governance

Experience has shown that a properly constituted Audit Committee can make an effective and valuable contribution to the process by which an organization is directed and controlled.

The Swellendam Audit committee is well established and functioning as required. An updated Audit Committee Policy has also been developed and approved by Council. All the members of the Audit Committee are also members of the Performance Audit Committee. The Audit- and Performance Audit Committee (APAC) meets quarterly.

### 2.9.2 Members of the Audit and Performance Audit Committee

Name of representative	Capacity
BP Jansen Van Rensburg	Chairperson
PJ du Plessis	Member
SJ Adonis	Member
D Farenhem	Member ( <i>Appointed with effect from 1 April 2015</i> )

**Table 39.1: Members of the Audit Committee**

Matters that served before the Audit and Performance Audit Committee for 2014/15 financial year are as follows:

Meeting Date	Item Discussed	Recommendation Adopted
29 August 2014	Presentation by the Office of the Auditor General	n/a
29 August 2014	2013/14 Annual Financial Statements	Yes
29 August 2014	2013/14 Performance Report	Yes
29 August 2014	Progress Report on the 2014/15 RBIAP	Yes
29 August 2014	Internal Audit: Follow-Up Report	Yes
29 August 2014	2013/14 4 <sup>th</sup> Quarter Performance (SDBIP) Review	Yes
29 August 2014	Ad Hoc Overtime Review	Yes
29 August 2014	Supply Chain Management Review	Yes
29 August 2014	Confirmation of the Organizational Independence of the Internal Audit Activity	Yes
29 August 2014	PWC Risk Assessment and Risk Management Committee Minutes	Yes
29 August 2014	Revised Risk Management Policy	Yes
2 December 2014	2013/14 Auditor-General Management Report	Yes
2 December 2014	Report by the Chairperson of the APAC for the 2013/14 financial year	Yes
2 December 2014	Progress Report on the 2014/15 RBIAP	Yes
2 December 2014	Internal Audit: Follow-Up Report	Yes
2 December 2014	2014/15 1 <sup>st</sup> Quarter Performance (SDBIP) Review	Yes
2 December 2014	2013/14 Annual Financial Statements Review	Yes



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Meeting Date	Item Discussed	Recommendation Adopted
2 December 2014	Expenditure Management Review	Yes
2 December 2014	2013/14 MFMA Compliance Review	Yes
2 December 2014	Risk Management Review (Peer Audit on Risk Management: Cape Agulhas Municipality)	Yes
2 December 2014	Risk Management Progress Reports and Risk Management Committee Minutes	Yes
4 March 2015	2013/14 Annual Report	Yes
4 March 2015	2014/15 Section 72 Mid-Year Performance Report	Yes
4 March 2015	AG Audit Action Plan (OPCAR)	Yes
4 March 2015	Progress Report on the 2014/15 RBIAP	Yes
4 March 2015	Internal Audit: Follow-Up Report	Yes
4 March 2015	2014/15 2 <sup>nd</sup> Quarter Performance (SDBIP) Review	Yes
4 March 2015	Cash Management Review	Yes
4 March 2015	Traffic Management Review	Yes
4 March 2015	Ad Hoc: Governance Review	Yes
4 March 2015	MSA Compliance Review	Yes
4 March 2015	Risk Management Shared Services and Risk Management Committee Minutes	Yes
24 June 2015	Reviewed Internal Audit Charter	Yes
24 June 2015	Reviewed Audit- and Performance Audit Committee Policy	Yes
24 June 2015	2015/16 Risk-Based Internal Audit Plan	Yes
24 June 2015	Proposed 2015/16 APAC Meeting Schedule	Yes
24 June 2015	Progress Report on the 2014/15 RBIAP	Yes
24 June 2015	Internal Audit: Follow-Up Report (Outstanding Issues)	Yes
24 June 2015	2014/15 3 <sup>rd</sup> Quarter Performance (SDBIP) Review	Yes
24 June 2015	Asset Management Review	Yes
24 June 2015	Distribution Losses Review	Yes
24 June 2015	2014/15 MFMA Compliance Review	Yes
24 June 2015	2014/15 DORA Compliance Review	Yes
24 June 2015	2015/16 Risk Management Framework and Risk Management Committee Meeting Minutes	Yes
24 June 2015	MGRO Corporate Governance Validation	Yes
24 June 2015	Financial Disciplinary Board and Reporting Procedures	Yes
24 June 2015	3 <sup>rd</sup> Quarter Auditor-General Key Control Assessment	Yes
24 June 2015	Risk Management Exception Reports	Yes

**Table 40.: Audit Committee Activities**





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### 2.10 Internal Auditing

Section 165 (2) (a), (b)(iv) of the MFMA requires that:

The internal audit unit of a municipality must –

- ✚ prepare a risk based audit plan and an internal audit program for each financial year; and
- ✚ advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to:
  - internal audit;
  - internal controls;
  - accounting procedures and practices;
  - risk and risk management;
  - performance management;
  - loss control; and
  - compliance with this Act, the annual Division of Revenue Act and any other applicable legislation
- ✚ perform other duties as may be assigned to it by the accounting officer.

The Swellendam Municipality has an in-house Internal Audit function that consists of one internal auditor and one intern.

Below are the functions of the Internal Audit Unit that was performed during the financial year under review:

Audit Ref	Audit Activity Planned according to the RBIAP	Completed by 30 June 2015 (Yes/ No)
<b>1<sup>st</sup> Quarter Audit Activities</b>		
2014-001	Supply Chain Management Review	Yes: Tabled to APAC on 29 August 2014
2014-002	Expenditure Management Review	Yes: Tabled to APAC on 2 December 2014
2014-003	2013/14 4 <sup>th</sup> Quarter SDBIP Performance Review	Yes: Tabled to APAC on 29 August 2014
2014-004	2013/14 Annual Financial Statements Review	Yes: Tabled to APAC on 2 December 2014
n/a	1 <sup>st</sup> Quarter Follow Up Report	Yes: Tabled to APAC on 29 August 2014
<b>2<sup>nd</sup> Quarter Audit Activities</b>		
2014-005	2013/14 MFMA Compliance Review	Yes: Tabled to APAC on 2 December 2014
2014-006	2014/15 1 <sup>st</sup> Quarter SDBIP Performance Review	Yes: Tabled to APAC on 2 December 2014
2014-007	Traffic Management Review	Yes: Tabled to APAC on 4 March 2015
2014-008	Cash Management Review	Yes: Tabled to APAC on 4 March 2015
n/a	Risk Management Review	Yes: Tabled to APAC on 2 December 2014
n/a	2 <sup>nd</sup> Quarter Follow Up Report	Yes: Tabled to APAC on 2 December 2014
<b>3<sup>rd</sup> Quarter Audit Activities</b>		



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Audit Ref	Audit Activity Planned according to the RBIAP	Completed by 30 June 2015 (Yes/ No)
2014-009	2014/15 2 <sup>nd</sup> Quarter SDBIP Performance Review	Yes: Tabled to APAC on 4 March 2015
2014-010	MSA Compliance Review	Yes: Tabled to APAC on 4 March 2015
2014-011	Asset Management Review	Yes: Tabled to APAC on 24 June 2015
2014-012	Distribution Losses Review	Yes: Tabled to APAC on 24 June 2015
n/a	3 <sup>rd</sup> Quarter Follow Up Report	Yes: Tabled to APAC on 4 March 2015
<b>4<sup>th</sup> Quarter Audit Activities</b>		
2014-013	2014/15 3 <sup>rd</sup> Quarter SDBIP Performance Review	Yes: Tabled to APAC on 24 June 2015
2014-014	2014/15 DORA Compliance Review	Yes: Tabled to APAC on 24 June 2015
n/a	4 <sup>th</sup> Quarter Follow Up Report	Yes: Tabled to APAC on 24 June 2015
2014-015	Fleet Management	No: Completed in July 2015

**Table 41.: Internal Audit Activities**

### 2.11 By-Laws and Policies

Section 11 of the MSA gives a Council the executive and legislative authority to pass and implement by-laws and policies. Below is a list of all the by-laws developed and reviewed during the financial year:

By-laws developed/revised	Date adopted	Public Participation Conducted Prior to adoption of By-Laws Yes/No	Date of Publication
By-Law on credit control and debt collection	24 June 2014	Yes	4 July 2014
By-law on tariffs	24 June 2014	Yes	4 July 2014
Zoning Scheme Regulations	2012 – delayed by the provincial government Western Cape	Yes	22 August 2014
By-Law relating to the prevention of nuisances	27 November 2014	Yes	5 December 2014
Fireworks By-Law	27 November 2014	Yes	5 December 2014
By-Law relating to air quality control	27 November 2014	Yes	5 December 2014
By-Law relating to the supply of electricity	28 May 2015	Yes	4 June 2015
By-Law relating to municipal roads, traffic and parking	28 May 2015	Yes	4 June 2015
By-Law relating to water and sanitation services and industrial effluent	28 May 2015	Yes	4 June 2015
By-Law relating to storm water management	28 May 2015	Yes	4 June 2015
By-Law on land use planning	24 June 2014	Yes	To be published in 2015/16

**Table 42.: By-laws developed and reviewed**



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Below is a list of all the policies developed and reviewed during the financial year:

Policies developed/ revised	Date adopted	Public Participation Conducted Prior to adoption of policy Yes/No
Corporate Gifts policy (new)	26 February 2015	No
Occupational and Health Safety Policy (new)	27 August 2014	No
Lease of halls and facilities (new)	27 October 2014	Yes
Placement Policy (new)	27 August 2014	No but Local Labour Forum consulted
Appeals policy framework (new)	27 November 2014	Yes
Risk management (revised)	27 November 2014	No
Extended Public Works Program (EPWP) Policy (revised)	27 November 2014	Yes
Leave book format implemented (new) (internal instruction)	June 2014	No
HIV/ AIDS Policy (new)	9 December 2014	No but Local Labour Forum consulted
Medical Incapacity of employee's policy	9 December 2014	No but Local Labour Forum consulted
Acknowledgement of long service Policy	9 December 2014	No but Local Labour Forum consulted
Disabilities policy	9 December 2014	No but Local Labour Forum consulted
Substance abuse policy	9 December 2014	No but Local Labour Forum consulted
Continued Medical	9 December 2014	No but Local Labour Forum consulted
Special leave policy	9 December 2014	No but Local Labour Forum consulted
Code of Ethics	9 December 2014	No but Local Labour Forum consulted
Grant in Aid/ Donations Policy (new)	9 December 2015	Yes
Shared Services policy framework (new)	30 January 2015	No
SMS Bulk messaging (new)	26 March 2015	No
Private work policy (new)	26 March 2015	No
Financial misconduct (terms of reference)	26 March 2015	No
System of Delegations (revised)	30 April 2015	No
Employment equity committee mandate (new)	28 May 2015	No
Customer care, credit control and debt collection policy (revised)	28 May 2015	Yes
Bad debt write-off policy (revised)	28 May 2015	Yes
Irregular expenditure policy (revised)	28 May 2015	Yes
Tariff policy (revised)	28 May 2015	Yes
Funding and Reserve policy (revised)	28 May 2015	Yes
Budget policy (revised)	28 May 2015	Yes



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Policies developed/ revised	Date adopted	Public Participation Conducted Prior to adoption of policy Yes/No
Banking, cash management and investment policy (revised)	28 May 2015	Yes
Supply Chain Management (SCM) policy (revised)	28 May 2015	Yes
Preferential Procurement Policy (revised)	28 May 2015	Yes
Asset Management Policy (revised)	28 May 2015	Yes
Petty Cash Policy (revised)	28 May 2015	Yes
Indigent Policy (revised)	28 May 2015	Yes
Section 32 terms of reference policy framework (revised)	28 May 2015	Yes
Policy on appointment of consultants (new)	28 June 2015	No
Acting Policy (new)	28 June 2015	No but Local Labour Forum consulted
Scarce Skills policy (new)	28 June 2015	No but Local Labour Forum consulted
Performance policy framework	28 June 2015	No but Local Labour Forum consulted
Public participation policy	28 June 2015	Yes
Social media policy	28 May 2015	No

**Table 43:** Policies developed and reviewed

### 2.12 Communication

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa Act, 1996 and other statutory enactments all impose an obligation on local government communicators and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

Good customer care is clearly of fundamental importance to any organisation. A successful communication strategy therefore links the people to the municipality's programme for the year.

Below is a communication checklist of the compliance to the communication requirements:

#### 2.12.1 Communication Activities

Communication activities	Yes/No	Date Approved/Completed
Communication strategy	Yes	2007
Communication Policy	Yes	2007
Functional complaint management systems	Yes	n/a

**Table 44:** Communication Activities



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### 2.12.2 Newsletters

Type of Newsletter	Issues distributed	Circulation number	Frequency
Internal	4	300	Quarterly
External	3	1500	Quarterly

Table 45.: Newsletters

### 2.12.3 Awareness Campaigns

Topic	Description	Dates	Target Groups	Number of People Reached
Anti –Corruption & Fraud	Information provided to employees via the Internal Newsletter	On-going campaign	Employees	1 500
Electricity usage	Advertisements in the External News paper	On-going campaign	All community members of the Swellendam Municipal area	1 500
Customer Care	Advertisement and Promotion of SMS system	On-going campaign	All community member of the Swellendam Municipal area	5 233

Table 46.: Awareness Campaigns

### 2.12.5 Additional Communication Channels Utilised

Channel	Yes/No	Number of People Reached / Followers
SMS system	Yes	5 233

Table 47.: Communication Activities

## 2.13 Website

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of S75 of the MFMA and S21A and B of the Municipal Systems Act (“MSA”) as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the municipality’s communication strategy.

The table below gives an indication about the information and documents that are published on our website.





## Chapter 2: Service Delivery Performance

Description of information and/or document	Yes/No and/or Date Published
<b>Municipal contact details (Section 14 of the Promotion of Access to Information Act)</b>	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
<b>Financial Information (Sections 53, 75, 79 and 81(1) of the Municipal Finance Management Act)</b>	
Draft Budget 2014/15	Yes
Adjusted Budget 2014/15	Yes
Asset Management Policy	Yes
Customer Care, Credit control & Debt collection Policy	Yes
Indigent Policy	Yes
Funds and Reserves Policy	Yes
Investment & Cash Management Policy	Yes
Rates Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
Virement Policy	Yes
Petty Cash Policy	Yes
Travel and Subsistence Policy	Yes
Long Term Financial Policy	Yes
Grants-In-Aid Policy	Yes
Borrowing Policy	Yes
SDBIP 2014/15	Yes
<b>Integrated Development Plan and Public Participation (Section 25(4)(b) of the Municipal Systems Act and Section 21(1)(b) of the Municipal Finance Management Act)</b>	
Reviewed IDP for 2014/15	Yes
IDP Process Plan for 2014/15	Yes
<b>Supply Chain Management (Sections 14(2), 33, 37 &amp; 75(1)(e) &amp; (f) and 120(6)(b) of the Municipal Finance Management Act and Section 18(a) of the National SCM Regulation)</b>	
Long Term borrowing contracts	Yes
Public invitations for formal price quotations	Yes
<b>Reports (Sections 52(d), 71, 72 &amp; 75(1)(c) and 129(3) of the Municipal Finance Management Act)</b>	
Annual Report of 2013/14	Yes
Oversight reports	Yes



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Description of information and/or document	Yes/No and/or Date Published
Mid-year budget and performance assessment	Yes
Monthly Budget Statement	Yes
<b>Local Economic Development (Section 26(c) of the Municipal Systems Act)</b>	
Local Economic Development Strategy	Yes
<b>Performance Management (Section 75(1)(d) of the Municipal Finance Management Act)</b>	
Performance Agreements for employees appointed as per S57 of Municipal Systems Act	Yes
<b>Assurance Functions (Sections 62(1), 165 &amp; 166 of the Municipal Finance Management Act)</b>	
Internal Audit charter	Yes
Audit Committee charter	Yes
Risk Management Policy	Yes

**Table 48.: Website Checklist**

### 2.14 Supply Chain Management

The Supply Chain Management Policy of the Swellendam Municipality is deemed to be fair, equitable, transparent, competitive and cost-effective as required by Section 217 of the Constitution.

The Supply Chain Management Policy complies duly with the requirements of Section 112 of the MFMA as well as the Supply Chain Management Regulations. The Policy was drafted based on the SCM Model Policy issued by the National Treasury and amended to suit the local circumstances within the ambit of the regulatory framework and sometimes even stricter than the legal requirements.

#### 2.14.1 Competitive Bids in Excess of R200 000

##### a) Bid Committee Meetings

The following table details the number of bid committee meetings held for the 2014/15 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
32	31	30

**Table 49.: Bid Committee Meetings**

The attendance figures of members of the bid specification committee are as follows:

Member	Percentage attendance
W Titus	66
P du Toit	94
L Mralasi	69
N Mitchell	n/a



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Member	Percentage attendance
R van Rooi	n/a
B Beyers (Secundi)	78
G Adams (Secundi)	n/a

**Table 50:** Attendance of members of bid specification committee

The attendance figures of members of the bid evaluation committee are as follows:

Member	Percentage attendance
P du Toit	90
W Hattingh	58
B Burger	65
R Campher	52
LS Mralasi	58
G Louw	45
N Mitchell	3
R van Rooi	6

**Table 51:** Attendance of members of bid evaluation committee

The attendance figures of members of the bid adjudication committee are as follows:

Member	Percentage attendance
H Sclebusch	94
D du Plessis	65
K Stuurman	65
B Badenhorst	74
J de Jager	65
B Beyers	74
W Titus (Secundi)	3
M Steenkamp (Secundi)	13

**Table 52:** Attendance of members of bid adjudication committee

The percentages as indicated above include the attendance of those officials acting in the position of a bid committee member.

### *b) Awards Made by the Bid Adjudication Committee*

The ten highest bids awarded by the bid adjudication committee are as follows:

Only make recommendations to MM



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Bid number	Title of bid	Directorate and section	Value of bid awarded (R)
SM-T13/14-15	Raising of loans	Finance	6 595 800
SM-To1-14-15	Upgrading of Buffeljagsrivier Waste Water Treatment Works	Engineering	3 783 012
SMT32/14-15	Upgrading of Buffeljagsrivier Bulk Water Reservoir & Water Treatment Works	Engineering	2 983 401
SMT23/14-15	Provision of Banking Services	Finance	2 004 210
SMT41/14-15	Short Term Insurance	Finance	1 989 366
SMT28/14-15	Provision of Security Services for a (3) Year Period	Corporate	1 924 506
SMT42/14-15	Supply & Delivery of Refuse Bags	Community	1 523 610
SMT29/14-15	Provision of IT Services	Finance	1 017 327
SM-T18/14-15	Provision of Professional Services for monitoring of Water and Waste water Treatment Plants	Engineering	770 238
SM-T16/14-15	Supply and delivery of diesel fuel at the Swellendam Caravan Park and Bulldozer at Swellendam Municipal Refuse Dumpsite for a three (3) year period	Community	649 024
SM-To9/14-15	Prepaid Electricity Vending System - Software licenses	Finance	426 535

**Table 53.:** Awards Made by the Bid Adjudication Committee

### c) Awards Made by the Accounting Officer

Bids awarded by the Accounting Officer are as follows:

Bid number	Title of bid	Directorate and section	Value of bid awarded (R)
SM-To1-14-15	Upgrading of Buffeljagsrivier Waste Water Treatment Works	Engineering	3 783 012
SM-To2-14-15	Supply and delivery of electrical cables and materials over a two (2) year period, 01 July 2014 till 30 June 2016	Engineering	Tariffs
SM-To3-14-15	Supply and delivery of plant hire over a two (2) year period, 01 July 2014 till 30 June 2016	Engineering	Tariffs
SM-To4-14-15	Supply and delivery of sewerage pipes, pipes & fittings, valves, manhole covers, water pipes and meters over a two (2) year period, 01 July 2014 till 30 June 2016	Engineering	Tariffs
SM-To5/14-15	Supply and delivery of road construction materials, building materials, bitumen products, pavers & bricks, ready mix concrete, and pre-fab concrete products over a two (2) year period from 01 July 2014 to 30 June 2016.	Engineering	Tariffs
SM-To6/14-15	Supply and delivery of weed control products	Engineering	Tariffs
SM-To7/14-15	Supply and delivery of cement	Finance Stores	Tariffs
SM-To8/14-15	Supply and delivery of protective clothing and safety wear for a three (3) year period	Finance Stores	Tariffs
SM-To9/14-15	Prepaid Electricity Vending System - Software licenses	Finance	426 535



## Chapter 2: Service Delivery Performance

Bid number	Title of bid	Directorate and section	Value of bid awarded (R)
SM-T10/14-15	Supply, delivery, commissioning and maintenance of book detective system in two libraries	Community	329 580
SM-T12/14-15	Leasing of Abattoir in Swellendam	Corporate	109 952
SM-T13/14-15	Raising of loans	Finance	6 595 800
SM-T14/14-15	Provision of Professional Services: Land Surveyor services over a three (3) year period	Corporate	Tariffs
SM-T16/14-15	Supply and delivery of diesel fuel at the Swellendam Caravan park and Bulldozer at Swellendam Municipal Refuse Dumpsite for a three (3) year period	Community	649 024
SM-T17/14-15	Supply and delivery of uniforms Traffic and Law Enforcement officers	Community	Tariffs
SM-T18/14-15	Provision of Professional Services for monitoring of Water and Waste water Treatment Plants	Engineering	770 238
SM-T20/14-15	Provision of Professional Engineering Services for Various Projects in the 2014/2015, 2015/2016 & 2016/2017 Financial Years	Engineering	Tariffs
SM-T21/14-15	Supply and delivery of aluminum sulphate for a three year period	Engineering	370 000
SM-T22/14-15	Supply and delivery of computers for a 3 year period	Finance	Tariffs
SMT23/14-15	Provision of Banking Services	Finance	2 004 210
SMT24/14-15	"Supply and installation of web based online bulk sms sending software/service"	Corporate	Tariffs
SMT25/14-15	Supply & Delivery of Water to Nuwedorp Malagas, Moddergat Infanta, Kabeljoebank Infanta & Aasbank Infanta	Engineering	Tariffs
SMT26/14-15	Provision of an Online Deeds, CIPC, and Credit Search Service	Finance	Tariffs
SMT27/14-15	Remote Energy Bulk metering Monitoring Online	Engineering	Tariffs
SMT28/14-15	Provision of Security Services for a (3) Year Period	Corporate	1 924 506
SMT29/14-15	Provision of IT Services	Finance	1 017 327
SMT30/14-15	Supply, delivery & erect of a galvanized safety fence around the Thusong Service Centre in Railton, Swellendam	Community	184 489
SMT31/14-15	Rental of Rubbish Dump Sites	Community	347 507
SMT32/14-15	Upgrading of Buffeljagsrivier Bulk Water Reservoir & Water Treatment Works	Engineering	2 983 401
SMT33/14-15	Supply & Delivery of Toilet paper for a (3) Year Period	Finance Stores	262 930
SMT34/14-15	Re-Thatching of Roofs at the Swellendam Caravan park	Engineering	545 000
SMT35/14-15	Supply, Installation, Commissioning & Maintenance of Book Detection Systems at x3 Libraries	Community	410 326





## Chapter 2: Service Delivery Performance

Bid number	Title of bid	Directorate and section	Value of bid awarded (R)
SMT36/14-15	Compilation of a Long Term Financial Plan & Development of a Financial Model	Finance	300 000
SMT37/14-15	Rendering of Legal Services	Corporate	Tariffs
SMT38/14-15	Rendering of SCM Legal Services	Corporate	Tariffs
SMT41/14-15	Short Term Insurance for 3 years	Finance	1 989 366
SMT42/14-15	Supply & Delivery of Refuse Bags	Community	1 523 610
SMT44/14-15	Supply, installation & commissioning of an 11kv overhead line in Suurbraak.	Engineering	367 932

**Table 54.:** Awards made by Accounting Officer

### d) Appeals Lodged by Aggrieved Bidders

Tender No	Description	Awarded to	Complainant	Date received	Outcome	Outcome Date
SMT20/14-15	Professional Consulting Firms for the Provision of Professional Engineering Services for Electrical Projects in 2014/2015, 2015/2016 & 2016/2017 Financial Years.	Clinckscales Maughan Brown Neil Lyners & Associates cc t/a Lyners BDE Consulting Engineers	Worley Parsons (Pty) Ltd	20 March 2015	Unsuccessful	25 March 2015
SMT28/14-15	Provision of Security Services for a three (3) year period	Bredasdorp Armed Response	APC South Coast Security	15 April 2015	Unsuccessful	30 April 2015
SMT20/14-15	Professional Consulting Firms for the Provision of Professional Engineering Services for Roads in 2014/2015, 2015/2016 & 2016/2017 Financial Years.	Edifice Consulting Engineers Quantra Civil Engineering Element Consulting Engineers	Hessequa Consulting Engineers	19 June 2015	In process	n/a

**Table 55.:** Appeals lodged by aggrieved bidders



## Chapter 2: Service Delivery Performance

### 2.14.2 Deviation from Normal Procurement Processes

The following table provides a summary of deviations approved on an annual and monthly basis respectively:

Type of deviation	Number of deviations	%	Value of deviations (R)
Emergencies	11	12.85	249 739
Single Provider	38	46.42	902 478
Impractical	32	40.73	791 927
<b>Total</b>	<b>81</b>	<b>100</b>	<b>1 944 144</b>

**Table 56.:** Summary of deviations

# Chapter 3





## Chapter 3: Service Delivery Performance

### CHAPTER 3

This chapter provides an overview of the key service achievements of the municipality that came to fruition during 2014/15 in terms of the deliverables achieved compared to the key performance objectives and indicators in the IDP. It furthermore, includes an overview on achievement in 2014/15 compared to actual performance in 2013/14.

#### 3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

The constitution of S.A (1996), section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of *inter alia*:

- ✚ the promotion of efficient, economic and effective use of resources,
- ✚ accountable public administration
- ✚ to be transparent by providing information,
- ✚ to be responsive to the needs of the community,
- ✚ and to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.





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### 3.1.1 Legislative requirements

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In terms of section 46(1)(a) a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

### 3.1.2 Organisation performance

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Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlight the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the National Key Performance Areas, performance on the National Key Performance Indicators prescribed in terms of section 43 of the Municipal Systems Act, 2000 and an overall summary of performance on municipal services.

### 3.1.3 The performance system followed for 2014/15

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#### *a) Adoption of a Performance Management Framework*

The municipality adopted a performance management framework that was approved by Council in 2007 and the municipality engaged with Ignite Management Services for a Performance Management System (PMS). The Ignite PMS deals with both organisational and individual performances.

Performance management has for the first time been properly implemented in Swellendam Municipality in the 2014/15 financial year.

All senior managers has signed performance agreements and the performance management system has been cascaded down to the first manager's level reporting directly to the senior managers. The municipality also had reported on performance for the mid-year in January 2015. The implementation of a reward system for outstanding performance will be embark upon in 2015/16 and the further cascading down of performance will commence once the placement of staff has been completed and the job descriptions properly task evaluated.

#### *b) The IDP and the budget*

The IDP was reviewed for 2014/15 and the budget for 2014/15 was approved by Council on 28 May 2014.





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The IDP process and the performance management process are integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

The Swellendam Municipality has reviewed the performance management framework that was adopted by Council in 2007 and Council has since adopted a new performance management framework in June 2015.

The SDBIP were prepared as described in the paragraphs below and the Top Layer SDBIP approved by the Executive Mayor on 8 June 2014.

### *c) The Service Delivery Budget Implementation Plan*

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery budget implementation plan (SDBIP) at directorate levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget.

The MFMA Circular No.13 prescribes that:

- ✚ The IDP and budget must be aligned
- ✚ The budget must address the strategic priorities
- ✚ The SDBIP should indicate what the municipality is going to do during next 12 months
- ✚ The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

The SDBIP were prepared as described in the paragraphs below and the Top Layer SDBIP approved by the Executive Mayor on 8 June 2014.

### *i) The municipal scorecard (Top Layer SDBIP)*

The municipal scorecard (Top Layer SDBIP) consolidate service delivery targets set by Council / senior management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities.

Components of the Top Layer SDBIP include:



## Chapter 3: Service Delivery Performance

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One-year detailed plan, but should include a **three-year capital plan**

The 5 necessary components includes:

- ✚ Monthly projections of revenue to be collected for each source
  - Expected revenue to be collected NOT billed
- ✚ Monthly projections of expenditure (operating and capital) and revenue for each vote
  - Section 71 format (Monthly budget statements)
- ✚ Quarterly projections of service delivery targets and performance indicators for each vote
  - Non-financial measurable performance objectives in the form of targets and indicators
  - Output NOT input / internal management objectives
  - Level and standard of service being provided to the community
- ✚ Ward information for expenditure and service delivery
- ✚ Detailed capital project plan broken down by ward over three years

Top Layer KPI's were prepared based on the following:

- ✚ Key performance indicators (KPI's) for the programmes / activities identified to address the strategic objectives as documented in the IDP.
- ✚ KPI's that need to be reported to key municipal stakeholders.
- ✚ KPI's to address the required National reporting requirements.

It is important to note that the municipal manager needs to implement the necessary systems and processes to provide the POE's for reporting and auditing purposes.

### *d) Actual performance*

The municipality utilizes an electronic web based system on which KPI owners update actual performance on a monthly basis.

KPI owners report on the results of the KPI by documenting the following information on the performance system:

- ✚ The actual result in terms of the target set.
- ✚ A performance comment.
- ✚ Actions to improve the performance against the target set, if the target was not achieved.

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.



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### 3.1.4 Performance Management

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Performance management is prescribed by chapter of the Municipal Systems Act, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7 (1) of the aforementioned regulation states that “A Municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players.” This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

The municipality adopted a performance management framework that was approved by Council in June 2015.

#### a) Organisational Performance

The organisational performance is monitored and evaluated via the SDBIP and the performance process can be summarised as follows:

- ✚ The Top Layer SDBIP was approved by the Mayor on 8 June 2014 and the information was loaded on an electronic web based system
- ✚ The web based system sent automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against key performance indicator targets by the 10th of every month for the previous month’s performance.

All senior managers has signed performance agreements and the performance management system has been cascaded down to the first manager’s level reporting directly to the senior managers.



## Chapter 3: Service Delivery Performance

### 3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2014/15

#### 3.2.1 Strategic Service Delivery Budget Implementation Plan (Top Layer)

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section should provide an overview on the strategic achievement of a municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer (strategic) SDBIP is the municipality's strategic plan and shows the strategic alignment between the different documents. (IDP, Budget and Performance Agreements)

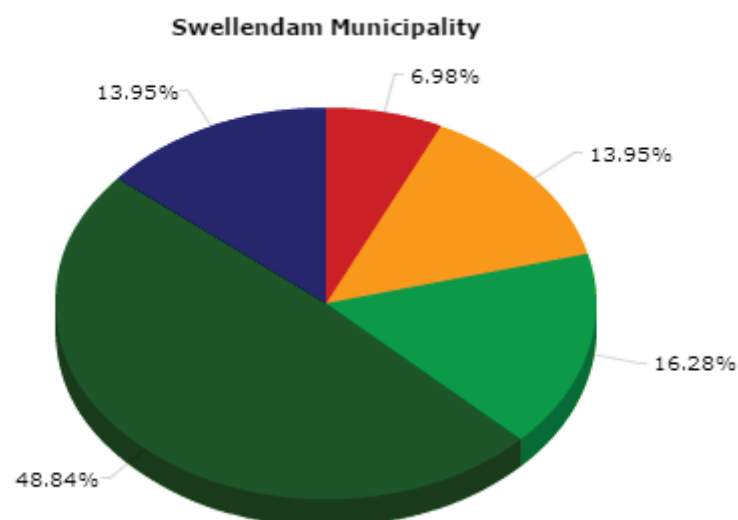
In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

The following table explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (kpi's) of the SDBIP is measured:

Category	Colour	Explanation
KPI Not Yet Measured	Grey	KPI's with no targets or actuals in the selected period
KPI Not Met	Red	$0\% \geq \text{Actual/Target} < 75\%$
KPI Almost Met	Orange	$75\% \geq \text{Actual/Target} < 100\%$
KPI Met	Green	$\text{Actual/Target} = 100\%$
KPI Well Met	Dark Green	$100\% > \text{Actual/Target} < 150\%$
KPI Extremely Well Met	Dark Blue	$\text{Actual/Target} \geq 150\%$

Figure 2.: SDBIP Measurement Categories

The graph below displays the overall performance per Strategic objectives for 2014/15:





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	Swellendam Municipality	Strategic Objective						
		To create a capacitated, people-centered institution	To create a safe and healthy living environment	To develop integrated and sustainable settlements with the view to correct spatial imbalances	To enhance access to basic services and address maintenance backlogs	To enhance economic development with focus on both first and second economies	To improve financial viability and management	To promote good governance and community participation
KPI Not Met	3 (7%)	-	1 (100%)	1 (33.3%)	-	-	1 (20%)	-
KPI Almost Met	6 (14%)	-	-	-	5 (19.2%)	-	1 (20%)	-
KPI Met	7 (16.3%)	-	-	2 (66.7%)	2 (7.7%)	-	1 (20%)	2 (50%)
KPI Well Met	21 (48.8%)	1 (33.3%)	-	-	17 (65.4%)	-	2 (40%)	1 (25%)
KPI Extremely Well Met	6 (14%)	2 (66.7%)	-	-	2 (7.7%)	1 (100%)	-	1 (25%)
<b>Total:</b>	<b>43</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>26</b>	<b>1</b>	<b>5</b>	<b>4</b>

Graph 4.: Overall performance per Strategic objective





## Chapter 3: Service Delivery Performance

### a) To create a capacitated, people-centered institution

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall performance for 2014/15						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL5	The percentage of the municipality's operational budget actually spent on implementing its workplace skills plan by end June 2015 [(Actual amount spent on training/total operational budget)x100]	(Actual amount spent on training/total operational budget)x100	All	0.14%	0%	0%	0%	0.14%	0.14%	0.46%	B
TL6	Limit vacancy rate to less than 30% of funded posts [(Number of funded posts vacant / Number of funded posts) x100]	(Number of funded posts vacant / Number of funded posts) x100	All	12.09%	30%	30%	30%	30%	30%	29.83%	B
TL7	The number of people from employment equity target groups employed in the three highest levels of management in compliance with the equity plan	Number of people employed	All	2	0	0	0	3	3	4	G2

**Table 57:** To create a capacitated, people-centered institution

### b) To create a safe and healthy living environment

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall performance for 2014/15						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL9	Develop a Disaster Management Plan and submit to Council by 31 January 2015	Disaster Management Plan Developed and submitted to Council by 31 January 2015	All	1	0	0	1	0	1	0	R
Corrective action		A draft document is currently being developed and will be submitted to Council in the 2015/2016 financial year.									

**Table 58:** To create a safe and healthy living environment



## Chapter 3: Service Delivery Performance

### c) To develop integrated and sustainable settlements with the view to correct spatial imbalances

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall performance for 2014/15						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL10	Transfer Nitrophoska houses to 8 residents by end June 2015	Number of houses transferred by the end of June 2015	5	8	0	0	0	4	4	0	R
Corrective action		An application was submit to the Department Human Settlements. The applications was received by them but their decisions is still pending.									
TL11	Construction of top structures for 270 units in Railton by end of December 2014	Number of top structures completed by end of December 2014	5	270	0	270	0	0	270	270	G
TL12	Service 140 sites in Railton by end of September 2014	Number of sites serviced by end of September 2014	5	140	140	0	0	0	140	140	G

Table 59.: To develop integrated and sustainable settlements with the view to correct spatial imbalances

### d) To enhance access to basic services and address maintenance backlogs

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall performance for 2014/15						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL13	90% of the waste management maintenance budget spent by the end of June {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent (Actual expenditure on maintenance divided by the total approved maintenance budget)x100	All	90%	15%	30%	60%	90%	90%	85.26%	O
Corrective action		The vote will be better managed in future and monitored closely.									
TL15	90% of the roads and stormwater maintenance budget spent by the end of June {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	(Actual expenditure on maintenance divided by the total approved maintenance budget)x100	All	90%	15%	30%	60%	90%	90%	92.79%	G2
TL16	90% of the waste water maintenance	(Actual expenditure on maintenance	All	90%	15%	30%	60%	90%	90%	84.46%	O



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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall performance for 2014/15						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	budget spent by the end of June {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	divided by the total approved maintenance budget)x100									
Corrective action		The vote will be better managed in future and monitored closely.									
TL17	90% of the water maintenance budget spent by the end of June {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	(Actual expenditure on maintenance divided by the total approved maintenance budget)x100	All	90%	15%	30%	60%	90%	90%	77.09%	O
Corrective action		The vote will be better managed in future and monitored closely.									
TL18	90% of the electricity maintenance budget spent by the end of June {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	(Actual expenditure on maintenance divided by the total approved maintenance budget)x100	All	90%	15%	30%	60%	90%	90%	98.81%	G2
TL19	70% microbiological quality level achieved for waste water discharge (activated sludge)	% microbiological quality level of waste water discharge (activated sludge) achieved	All	70%	70%	70%	70%	70%	70%	60.50%	O
Corrective action		Quotations must be sourced for bio-remediation of the maturation pond at Klipperivier WWTW. This will be done in the 2015/16 financial year.									
TL20	50% chemical quality level achieved for waste water discharge (activated sludge)	% chemical quality level of waste water discharge (activated sludge) achieved	All	50%	50%	50%	50%	50%	50%	72.50%	G2
TL21	70% physical quality level achieved for waste water discharge (activated sludge)	% physical quality level of waste water discharge (activated sludge) achieved	All	70%	70%	70%	70%	70%	70%	94.75%	G2
TL22	50% chemical quality level achieved for	% chemical quality level of waste	All	50%	40%	40%	40%	40%	40%	44.48%	G2



## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall performance for 2014/15						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	waste water discharge (oxidation pond)	water discharge (oxidation pond) achieved									
TL23	50% physical quality level achieved for waste water discharge (oxidation pond)	% physical quality level of waste water discharge (oxidation pond) achieved	All	50%	50%	50%	50%	50%	50%	66.58%	G2
TL24	80% microbiological quality level achieved for water as per SANS 241	% microbiological water quality level achieved as per SANS 241 criteria	All	80%	80%	80%	80%	80%	80%	97.55%	G2
TL26	80% physical quality level achieved for water as per SANS 241	% physical water quality level achieved as per SANS 241 criteria	All	80%	80%	80%	80%	80%	80%	93.15%	G2
TL27	Complete the upgrade/construction of the Buffeljagsrivier Waste Water Treatment Works by end June 2015	Project completed by end June 2015	3	1	0	0	0	1	1	1	G
TL28	Complete phase 1 of the Swellendam Water Treatment Works by the end of March 2015	Project completed by end June 2015	1; 4; 5	1	0	0	1	0	1	1	G
TL29	Number of square meters of roads and stormwater system constructed in Rondonkrik Railton by end June 2015	Number of square meters constructed by end June 2015	4	2,900	0	0	0	2,900	2,900	3,115	G2
TL30	Limit technical water losses to not more than 35% {(KL's sold less free basic water provided and water provided at public areas)/ KL's purchased}X 100}	% of water unaccounted for {(KL's sold less free basic water provided and water provided at public areas)/ KL's purchased}X 100}	All	35%	0%	0%	0%	35%	35%	28.31%	B
TL31	Limit electricity losses to not more than 25% {(kWh sold /kWh purchased)x100}	% of electricity unaccounted for {(KL's sold less free basic water provided and water provided at public	All	25%	0%	0%	0%	25%	25%	13.15%	B



## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall performance for 2014/15						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
		areas)/ KL's purchased)X 100}									
TL32	Provide 6kl free basic water to indigent households in terms of the equitable share requirements	Number of indigent households receiving free basic water	All	1,600	0	0	0	1,600	1,600	2,016	G2
TL33	Provide free basic sanitation to indigent households in terms of the equitable share requirements	Number of indigent households receiving free basic sanitation	All	1,600	0	0	0	1,600	1,600	2,016	G2
TL34	Provide 50kwh free basic electricity to indigent households in terms of the equitable share requirements	Number of indigent households receiving free basic electricity	All	1,600	0	0	0	1,600	1,600	2,016	G2
TL35	Provide free basic refuse removal to indigent households in terms of the equitable share requirements	Number of indigent households receiving free basic refuse removal	All	1,600	0	0	0	1,600	1,600	2,016	G2
TL40	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network	Number of residential properties which are billed for water or have pre paid meters	All	6,000	0	0	0	5,900	5,900	6,133	G2
TL41	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas)	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas)	All	5,472	0	0	0	5,500	5,500	6,559	G2
TL42	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for	Number of residential properties which are billed for sewerage	All	5,570	0	0	0	5,500	5,500	5,747	G2





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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall performance for 2014/15						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	sewerage service, irrespective of the number of water closets (toilets)										
TL43	Number of formal residential properties for which refuse is removed once per week	Number of residential properties which are billed for refuse removal	All	5,564	0	0	0	5,500	5,500	5,758	G2
TL44	The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's IDP [(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100]	(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100	All	71.74%	0%	0%	0%	80%	80%	62.88%	O
Corrective action		The vote will be better managed in future and monitored closely.									

**Table 60.:** To enhance access to basic services and address maintenance backlogs

### e) To enhance economic development with focus on both first and second economies

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall performance for 2014/15						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL14	Create temporary jobs - FTE's in terms of EPWP by end June 2015 (Person days divided by FTE (230 days))	Number of FTE's created by end June 2015	All	32	0	0	0	32	32	68	B

**Table 61.:** To enhance economic development with focus on both first and second economies



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### f) To improve financial viability and management

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall performance for 2014/15						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL3	Approve an action plan to address all the issues raised in the management letter of the Auditor General by 31 December 2014	Approved action plan by 31 December 2014 by MM	All	1	0	1	0	0	1	1	G
TL36	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations ((Total operating revenue-operating grants received)/debt service payments due within the year)	((Total operating revenue-operating grants received)/debt service payments due within the year)	All	7.093	0	0	0	25.3	25.3	8.87	R
Corrective action		Long term financial recovery. Challenges to be addressed									
TL37	Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services)	(Total outstanding service debtors/ revenue received for services)X100	All	37.08%	0%	0%	0%	18%	18%	14.37%	O
Corrective action		Long term financial recovery. Challenges to be addressed									
TL38	Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Available cash+ investments)/ Monthly fixed operating expenditure)	((Available cash+ investments)/ Monthly fixed operating expenditure)	All	1.16	0	0	0	1.8	1.8	2.11	G2
TL39	Achieve a debtors payment percentage of 95%	((Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts	All	95%	0%	0%	0%	95%	95%	100.65%	G2



## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall performance for 2014/15					
					Target					Actual
					Q1	Q2	Q3	Q4	Annual	
		Written Off)/Billed Revenue) x 100								

**Table 62.:** To improve financial viability and management

### g) To promote good governance and community participation

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall performance for 2014/15						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL1	Compile the Risk Based Audit Plan (RBAP) and submit to the Audit Committee by 30 June 2015	RBAP submitted to the Audit Committee by 30 June 2015	All	1	0	0	0	1	1	1	G
TL2	80% of the RBAP for 2014/15 implemented by end June 2015 [(Number of audits and tasks completed for the period/ Number of audits and tasks identified in the RBAP to complete for the period)x100]	(Number of audits and tasks completed for the period/ Number of audits and tasks identified in the RBAP to complete for the period)x100	All	80%	0%	0%	0%	80%	80%	95%	G2
TL4	Compile quarterly external newsletters for distribution	Number of external newsletter compiled and distributed	All	4	0	1	0	1	2	3	B
TL8	Develop new system of delegations and submit to Council by end June 2015	New system of delegation developed and submitted to Council by end June 2015	All	1	0	0	0	1	1	1	G

**Table 63.:** To promote good governance and community participation



## Chapter 3: Service Delivery Performance

### 3.2.2 Service Providers Strategic Performance –

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement.

- ✚ Service provider means a person or institution or any combination of persons and institutions which provide to or for the benefit of the local community
- ✚ External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- ✚ Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the municipality did not appoint any service providers who provided municipal services to or for the benefit of the local community on behalf of the municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured, that the requirements of the contract is complied with.

### 3.2.3 Municipal Functions

#### a) Analysis of Functions

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function Yes / No
Constitution Schedule 4, Part B functions:	
Air pollution	Yes
Building regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Firefighting services	District Municipality Function
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	Yes



## Chapter 3: Service Delivery Performance

Municipal Function	Municipal Function Yes / No
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Constitution Schedule 5, Part B functions:	
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	Yes
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Table 64.: Functional Areas





## Chapter 3: Service Delivery Performance

### 3.3 COMPONENT A: BASIC SERVICES

This component includes basic service delivery highlights and challenges, includes details of services provided for water, waste water (sanitation), electricity, waste management, housing services and a summary of free basic services.

#### 3.3.1 Water Provision

##### a) *Introduction to Water Provision*

The status of the provision of water infrastructure as key municipal service for each of the towns, villages and hamlets in the municipal area are as follows:

**Swellendam** – The upper reaches of the Klippe River is the main water source for the town of Swellendam. The water source (raw water) for the town of Swellendam is adequate and can accommodate future growth. Water is extracted from the source via a weir into a 450 mm diameter pipe, which is routed to a distribution chamber, from where it is taken by means of a 250 mm diameter pipe to the Swellendam Water Treatment Plant. Surplus water is routed to three conservancy dams, namely Grootkloof 1, 2 and 3. An additional conservancy dam (Grootkloof 4) need to be constructed in future to accommodate future growth. The water treatment plant has been upgraded as far back as 1991. The water treatment plant is in the planning phase to be upgraded to accommodate future demand and for compliance to Blue Drop Certification. Five reservoirs are available in Swellendam to provide storage capacity for potable water. Water pressure and reticulation capacity has been identified in the Bakenskop area of Swellendam, and a second reservoir need to be constructed for the involved area to address the problems experienced. The water reticulation network is adequate, although the completion of various ring feeds in the network can improve water distribution management. Portions of the water reticulation network for Swellendam has been installed as far back as 1921 and need urgent replacement. Water losses suffered through water pipe breakages will also in the near future results in considerable potable water losses, and will affect income streams.

**Barrydale**– The Huis River is the main water source for both potable and irrigation water for the town of Barrydale. The Municipality has a water right of 78 hours per week from the water source. The water withdrawn from the water source is stored in two separate reservoirs for potable water and two dams for irrigation water. To ensure the availability of potable water for future growth and during the dry season, the storage capacity for water must be urgently enlarged. The availability of water for use by the town need to be augmented, and the use of boreholes as sources of water will have to be investigated in the near future. A new water treatment facility was constructed in 2005 for Barrydale. To allow for future growth of the town the capacity of the water treatment facility need to be upgraded again. Purified water is stored in five reservoirs in the reticulation system, for distribution to the various residential areas of the town. To optimize the storage and distribution of potable water, the reticulation system of Barrydale need to be revised and upgraded.

**Suurbraak** – The water source for Suurbraak is located at the origin of a tributary of the Buffeljags River up in the Langeberg Mountain. The water received from the water source is piped and routed through the Buffeljags River to the water treatment plant in Suurbraak. The water treatment plant has recently been upgraded and has currently a purification capacity of 32 Kl



## Chapter 3: Service Delivery Performance

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per hour. The treatment capacity is currently considered to be sufficient for a population of up to 7 600 people. No storage facility for raw water, before treatment, is currently available and the lack thereof is considered to be a weakness in the water provision system for Suurbraak. The purified water is pumped to five small reservoirs in the reticulation system for Suurbraak, for further distribution. The reservoirs available for the storage of potable water is insufficient and capacity need to be upgraded. The water reticulation system has not been extended yet to erven north of the Buffeljags River and the few individuals occupying residency there on a fulltime bases, obtain there water from rainwater storage facilities. The extension of the water distribution network to the involved area is not considered to be presently a priority because of the low occupancy rate of the area and because other urgent priorities need to be addressed first.

**Rietkuil** – The rural area known as Rietkuil is an adjoining small holding area is presently being supplied by potable water by the Overberg Water Board. The supply of potable water to the Rietkuil area is done by an independent water board under the auspices of the National Department of Water Affairs and Forestry. The transfer of the Rietkuil Water Scheme to the Municipality of Swellendam is presently being negotiated with the National Department of Water Affairs and Forestry.

**Buffeljagsrivier** – The village of Buffeljagsrivier is supplied with raw water by an open irrigation channel from the Buffeljags Dam. The water is treated in the water treatment plant of the village and then stored in a reservoir for distribution. The capacity of the current water supply storage facility as well as the water treatment plant are not sufficient to accommodate the existing residents of the village in terms of supply demand or to ensure good quality potable water. The water treatment plant upgrading is in the planning phase to accommodate future demand and for compliance to Blue Drop Certification. The Buffeljags water reticulation system is also in the planning phase.

**Infanta** – Water supply for domestic and other uses are provided by the residents themselves, either by means of rainwater collection or from boreholes. Water used is treated individually for domestic consumption. No municipal water provision service is currently rendered to the village of Infanta. Concerns exist about the future use of boreholes, because the area is serviced by soak away sanitation septic tanks, which may be contaminating ground water. Long term solutions for the supply of potable water are presently being investigated. The lack of available water sources for domestic consumption is restricting the further development of the village.

**Malagas** – Some of the properties in the village have access to potable water supplied by the Overberg Water Board, while others make use of water sources such as rainwater collection, ground water from boreholes or water pumped directly from the Breede River. Water used is treated individually for domestic consumption. No municipal water provision service is currently rendered to the village of Malagas. The emergency housing project presently under construction at Malagas, will place further strain on potable water provision. Long term solutions for the supply of potable water are presently being investigated. The lack of available water supply for domestic consumption is restricting the further development of the village.

**Stormsvlei** - Water supply for domestic and other uses are provided by residents themselves, by means of rainwater collection, from boreholes or water pumped directly from the Sonderend River. Water used is treated individually for domestic



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consumption. No municipal water provision service is currently rendered to the hamlet of Stormsvlei, because of various reasons, such as sustainability and viability.

**Other rural areas** – The Overberg Water Board is the main supplier of potable water to the rural areas. On agricultural holdings rivers and groundwater sources provide water for irrigation and farming purposes. The largest dam in the Swellendam municipal area is the Buffeljags Dam, with a storage capacity of 5 370 thousand million cubic meters of water. Various rural settlements and farm schools are presently experiencing problems with sustainable access to and consistency of water sources, and the quality of the water available for domestic usage. Farm schools are in some instances serviced by municipal water tankers, to supply water for basic sanitation and human consumption. Service delivery contracts for the supply of potable water to communities are presently being negotiated with the Overberg Water Board.

Water losses are reduced to the minimum, the average water losses for 2014/15 was 22.20%. These losses are measured from the source to the sector meters. These losses include the losses in the purification works.

### b) Highlights: Water Services

Highlights	Description
Upgrading of Swellendam Water Treatment Works (WTW)	The project commenced in 2013/14 and was completed in 2014/15. The capacity is now estimated at 7ml/day to stimulate growth and development.
Water Master plan	The Water Master plan has been completed in February 2015
Upgrading of the Buffeljags River Reservoir & WTW	Construction regarding the upgrading of the Buffeljags River Reservoir & WTW commenced in June 2015

Table 65.: Water Services Highlights

### c) Challenges: Water Services

Description	Actions to address
There is a shortage of personnel to do the day to day maintenance works as well as limited trained personnel in Engineering Department.	The appointment of skilled personnel and training should be provided to comply to Regulation 2834/17
Deterioration of Infrastructure	Infrastructure replacement needs to be commenced using Water Master Plan as guideline.
The municipal vehicles is currently in a poor condition and need to be replaced as soon as possible as it influences service delivery and also poses a safety hazard. A shortage of vehicles is also experienced.	Regular maintenance and investigate the possibility of replacing vehicles. New vehicles need to be purchased to meet the high service delivery demands

Table 66.: Water Services Challenges



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### d) Service Delivery levels

Water Service Delivery Levels		
Households		
Description	2013/14	2014/15
	Actual	Actual
	No.	No.
<i>Water: (above min level)</i>		
Piped water inside dwelling	6 000	6 133
Total number reflects the number of residential properties which are billed for water or have pre-paid meters		

**Table 67.:** Water service delivery levels: Households



*Graph 5.: Water Services Delivery levels*



## Chapter 3: Service Delivery Performance

### e) Employees: Water Services

Employees: Water Services				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	2	1	1	50
4 - 6	15	8	7	47
7 - 9	5	1	4	80
10 - 12	3	2	1	33
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
*P.T.I.	7	7	0	0
<b>Total</b>	<b>32</b>	<b>19</b>	<b>13</b>	<b>41</b>
*P.T.I. – personal to incumbent Employees and Posts numbers are as at 30 June				

**Table 68.: Employees: Water Services**

### f) Capital: Water Services

Capital Expenditure 2014/15: Water Services					
R'000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Swellemdam Water Treatment Works	6 116	4006	3 625	(381)	3 625
Buffeljags Reservoir	160	899	872	(27)	872
Suurbraak Reservoir	50	50	38	(12)	38
Water Monitoring Instruments	120	120	110	(10)	110
Telemetrie	0	15	13	(2)	13
Grootkloof Storage dam	0	101	0	(101)	0
<b>Total All</b>	<b>6 446</b>	<b>5 191</b>	<b>4 658</b>	<b>(533)</b>	<b>4 658</b>
Total project value represents the estimated cost of the project on approval by Council					

**Table 69.: Capital Expenditure: Water Services**





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### 3.3.2 Waste water (sanitation) provision

#### a) *Introduction to Sanitation Provision*

Swellendam operates 5 Waste Water Treatment Works (WWTW), 2 in Swellendam and 1 each in Buffeljagsriver, Suurbraak and Barrydale. All residents have access to basic sanitation services, however the provision of sanitation infrastructure for towns, villages and hamlets of the municipal area, is mainly determined by access to a sustainable water source. Only areas with sufficient available water can be serviced by waterborne sewerage systems. In the absence of such systems, sewage suction services, septic tanks, soak away sanitation facilities and conservancy sewage tanks must be used for sanitation purposes. The status of the provision of sanitation infrastructure as key municipal service for each of the involved towns, villages and hamlets in the municipal area are as follows:

**Swellendam** – Two sewage treatment plants, namely the Klipperivier Sewage Plant and the N2 Sewage Plant, are presently operated for the town of Swellendam. A decision has been taken by the Municipal Council of Swellendam to close the N2 Sewage Plant and to move the plant to another location. The rationale behind this decision is that the N2 Sewage Plant was located right at the entrance of the town in a very narrow urban corridor created by restricting geographical and topographical characteristics of the surrounding area and was restricting the future urban growth of the town of Swellendam. The existing Klipperivier Sewage Plant, located on the north-west urban edge of the town of Swellendam, is in the final staged of upgrading to replace the capacity lost because of the intended closure of the N2 Sewage Plant. The upgrading of the Klipperivier Sewage Plant also allows for the creation of capacity for the future growth of the town of Swellendam for the next 20 year scenario. The existing sewage works are already exceeding their capacity and the upgrading of sewage disposal capacity is a very high priority. The sewage reticulation system for the town of Swellendam is fairly old and need to be upgraded to provide for sufficient level of service for new developments resulting from the densification of the urban area.

**Barrydale** – The older part of the town of Barrydale is currently being serviced by conservancy sewage tanks, while the newer residential area of Smitsville has a waterborne sewage system. The sewage treatment plant in Barrydale has not been completed and consist presently only of oxidation tanks. The sewage purification system is therefore problematic and need urgent upgrading. The present location of the Smitsville Sewage Plant is also problematic, because it is restricting the future extension of the adjoining residential area (Smitsville) and can only service the Smitsville residential area, because of restricting topography. Consideration must therefore be given for relocation, to provide a sewage treatment plant that can service the whole town of Barrydale, as well as future developments of the town. The present treatment plant is also lacking capacity and need to be expanded significantly to comply too purification standards and to serve the entire urban area. The planning for this project has already started, and the project is considered a priority.

**Suurbraak** – Nearly all houses (680 units) on the south side of the Buffeljags River have waterborne sewage. Presently all sewage gravitate to a pump station on the north-eastern edge of the town, from where it is being pumped to a sewage treatment plant which is located on the western edge of the town. The pumping system used, require maximum maintenance and must be considered a limiting factor in the effectiveness of the system and the management of capacity. The rising main



## Chapter 3: Service Delivery Performance

connecting the pumping station and treatment plant is also inadequate and need to be upgraded. The capacity and quality of the present treatment plant is currently inadequate and cannot accommodate any future growth. Several alternatives are currently under investigation to address the problems experienced. The erven to the north of the Buffeljags River in the town have not yet been provided with waterborne sewage and are making use of conservancy sewage tanks.

**Buffeljagsrivier** – All houses in the village of Buffeljagsrivier have waterborne sewage connections. The capacity of the present sewage treatment plant is sufficient to serve 400 houses. The location of the present treatment plant is currently limiting future development possibilities.

**Infanta** – No waterborne sewage system is used in the village. Sewage is dealt with by means of in-situ conservancy and septic sewage tanks. The replacement of the present sewage system is under investigation, because of the high risk of contaminating the ground water of the village. This problem is presently restricting further development of the village, and a solution is urgently required.

**Malagas** – No waterborne sewage system is used in the village. Sewage is dealt with by means of in-situ conservancy sewage tanks, septic sewage tanks and soak-away sanitation facilities. A sewage suction service is rendered by the Municipality of Swellendam. Serious concerns have been expressed on the negative impact that the present sewage system might have on the Breede River. The replacement of the present sewage system is currently under investigation.

**Other rural areas** – A sewage suction service is rendered for households and schools within the rural area. The projection is that this service will need to be extended in future, as the type of sanitation facilities used in the rural area are changed from soak away sewage facilities to conservancy sewage tanks and septic tanks.

### b) Highlights: Waste Water (Sanitation) Provision

Highlights	Description
Klippe Rivier Waste Water Treatment Works (WWTW)	The last phase (phase 2 -the Breede River effluent pipeline) was completed

**Table 70.:** Waste Water (Sanitation) Provision Highlights

### c) Challenges: Waste Water (Sanitation) Provision

Description	Actions to address
There is a shortage of personnel to do the day to day maintenance works as well as limited trained personnel in Engineering Department.	The appointment of skilled personnel and training should be provided to comply to Regulation 2834/17
Deterioration of Infrastructure	Infrastructure replacement needs to be commenced using Sewerage Master Plan as guideline
The municipal vehicles is currently in a poor condition and need to be replaced as soon as possible as it influences service delivery and also poses a safety hazard. A shortage of vehicles is also experienced.	Regular maintenance and investigate the possibility of replacing vehicles. New vehicles need to be purchased to meet the high service delivery demands

**Table 71.:** Waste Water (Sanitation) Provision Challenges

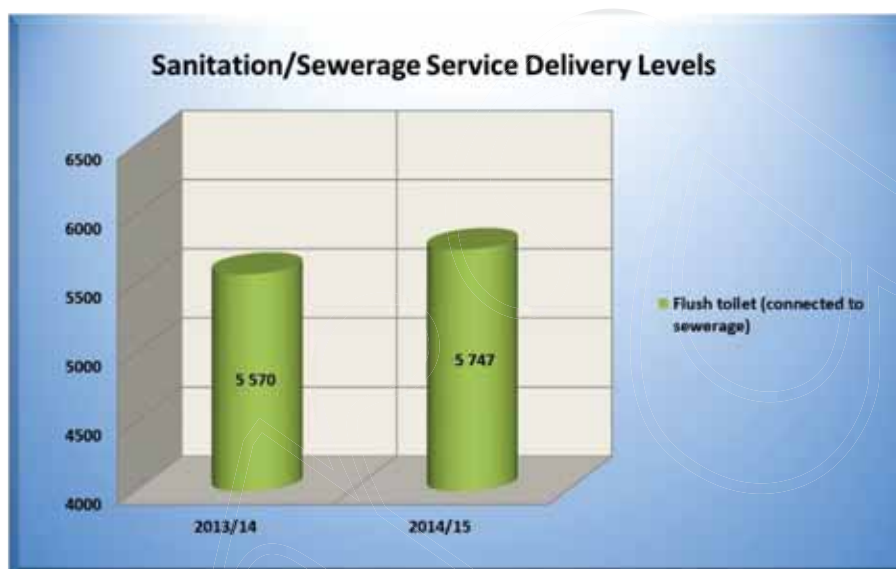


## Chapter 3: Service Delivery Performance

### d) Service delivery levels

Sanitation Service Delivery Levels		
Households		
Description	2013/14	2014/15
	Actual	Actual
	No.	No.
<i>Sanitation/sewerage: (above minimum level)</i>		
Flush toilet (connected to sewerage)	5 570	5 747
<i>Total reflects the number of residential properties which are billed for sewerage</i>		

Table 72.: Sanitation service delivery levels



Graph 6.: Waste Water Services Delivery levels



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### e) Employees: Sanitation

Employees: Sanitation Services				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	8	3	5	63
4 - 6	5	3	2	40
7 - 9	2	2	0	0
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
*P.T.I.	5	5	0	0
<b>Total</b>	<b>20</b>	<b>13</b>	<b>7</b>	<b>35</b>
*P.T.I. – personal to incumbent				
Employees and Posts numbers are as at 30 June				

**Table 73.: Employees Waste Water (Sanitation) Provision**

### f) Capital: Sanitation

Capital Expenditure 2014/15: Sanitation Services					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Buffeljags WWTW	4 079	4 472	4 085	(387)	4 085
Suurbraak WWTW	100	855	855	0	855
Barrydale, Smitsville Upgrade WWTW	80	160	156	(4)	156
Palm Street Sewer Screen	100	100	82	(18)	82
Swellendam WWTW	0	1 013	906	(107)	906
Swellendam WWTW	0	2 577	175	(2 402)	175
Swellendam WWTW	0	13 115	6 965	(6 150)	6 965
<b>Total</b>	<b>4 359</b>	<b>22 292</b>	<b>13 224</b>	<b>(9 068)</b>	<b>13 224</b>
Total project value represents the estimated cost of the project on approval by Council					

**Table 74.: Capital Expenditure: Waste Water (Sanitation) Provision**



## Chapter 3: Service Delivery Performance

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### 3.3.3 Electricity

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#### a) *Introduction to Electricity*

Local Government plays a very important role in the provision of electricity. Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social support.

Generated electricity is bought in all instances from Eskom, for further distribution in Swellendam, Barrydale and Suurbraak. Electrical distribution is undertaken by Eskom for all other villages and the rural area of the municipal area.

Load shedding has resulted in that a vast amount of money has to be invested in emergency generators and power supplies to ensure general municipal service delivery in terms of water supply and sewage disposal. As a result of the national electricity generation and distribution limitations, the municipality was also requested to implement specific energy saving measures. One of these is the “Lights on timers to reduce consumption” initiative. All the residents in our area are requested to save electricity’ especially in peak hours between 06:00 to 08:00 in the morning and 17:00 to 21:00 in the evening.

The status of the provision of electrical infrastructure as key municipal service for the town and villages of Swellendam, Barrydale and Suurbraak are as follows:

**Swellendam** – The current and projected growth of the town of Swellendam is placing enormous strain on the current electricity network and supply. Considerable upgrading of networks and the bulk provision of electricity are therefore required as a matter of urgency. The completion of an electrical master plan confirmed the constraints and various projects are presently undertaken to address the electrical infrastructural and supply constraints. Capital programs must be put in place to replace old unsafe switchgear and replace old low and high voltage (LV and HV) Lines.

**Barrydale** – The Eskom electricity supply to Barrydale, has been resolved by means of the construction of a new 66 kVa main power supply line currently being installed. The new ESKOM substation for firm supply to Barrydale has been completed but the funding of R1.5 million, for the connection is posing to be a huge challenge for the Swellendam Municipality. Budget provisions will have to be made. The electrical distribution infrastructure needs to be upgraded and is recorded as such in the Capital program.

**Suurbraak** – Currently many erven in Suurbraak cannot be supplied with electricity because of a limited electrical distribution network. The overhead 11 kV distribution network of Suurbraak is also in need of urgent corrections and maintenance. Master planning for the supply of electricity in Suurbraak has been completed and solutions for the already identified constraints and problems can now be determined for implementation. These matters will receive attention in future capital budgets.





## Chapter 3: Service Delivery Performance

### b) Highlights: Electricity

Highlights	Description
Govan Mbeki 2015 Award	The Govan Mbeki 2015 Award received for the Electrified housing for the entire housing project in Railton Smarty Town
Skills development	Skills development of 5 staff members to become qualified electricians

**Table 75:** Electricity Highlights

### c) Challenges: Electricity

Description	Actions to address
The position of the Senior Electrician position is currently vacant	Filling of the Senior Electrician position should be prioritised
Replacement of old LV lines should be done throughout the municipal area however budgetary constraints are experienced	Additional funding should be sourced in order to address the issue
Generators are required at different sights of water treatment plants and waste water treatment plants, however budgetary constraints are experienced	Additional funding should be sourced in order to address the issue

**Table 76:** Electricity Challenges

### d) Service delivery levels

Electricity Service Delivery Levels		
Households		
Description	2013/14	2014/15
	Actual	Actual
	No.	No.
<b>Energy: (above minimum level)</b>		
Electricity (at least min.service level)	513	929
Electricity - prepaid (min.service level)	4 959	5 630
<b>Minimum Service Level and Above sub-total</b>	<b>5 472</b>	<b>6 559</b>
<i>Number of residential properties which are billed for electricity or have pre-paid meters (Excluding Eskom areas)</i>		

**Table 77:** Electricity service delivery levels



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Graph 7.: Electricity Services Delivery levels

### e) Employees: Electricity

Employees: Electricity Services				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	8	3	5	63
4 - 6	4	3	1	25
7 - 9	2	1	1	50
10 - 12	9	4	5	56
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
*P.T.I.	3	3	0	0
<b>Total</b>	<b>27</b>	<b>15</b>	<b>12</b>	<b>44</b>

\*P.T.I. – personal to incumbent  
Employees and Posts numbers are as at 30 June

Table 78.: Employees: Electricity services



## Chapter 3: Service Delivery Performance

### f) Capital: Electricity

Capital Expenditure 2014/15: Electrical Services					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Electricity	240	240	3	(237)	3
Electricity connections	150	150	0	(150)	0
Infrastructure LV Lines	100	100	81	(19)	81
Substations	250	250	0	(250)	0
Switchgear	500	500	4	(496)	4
<b>Total</b>	<b>1 240</b>	<b>1 240</b>	<b>88</b>	<b>(1 152)</b>	<b>88</b>
<i>Total project value represents the estimated cost of the project on approval by Council</i>					

**Table 79.:** Capital Expenditure: Electrical Services

### 3.3.4 Waste management (Refuse collections, waste disposal, street cleaning and recycling)

#### a) Introduction to Waste Management

Swellendam Municipality renders a solid waste management service to all the residents. Waste collections takes place on a weekly basis for all residents and businesses.

The municipality has five main waste management sites situated in the Infanta; Barrydale; Malagas; Suurbraak and Swellendam. All facilities with the exception of Bontebok and Suurbraak have no licences but only Bontebok will remain operational in the coming years.

All house hold refuse from Infanta, Malagas, Suurbraak and Barrydale are transported to the Bontebok site with municipal refuse trucks. The Swellendam Bontebok landfill site is situated 1.2 km south of the N2, adjacent to the Swellengrebel road leading to the Bontebok National Park. The site can be extended towards the railway line in the South West. Refuse transfer stations have been established at Infanta, Matjieskloof, Lemoenfontein and Malagas where waste is collected on a weekly basis and transported to the Bontebok landfill site. House hold refuse from Barrydale, Suurbraak and Buffeljagsrivier is collected on a door to door basis and transported to the Bontebok landfill site.

The municipality has a weekly waste removal service in Swellendam, Suurbraak, Barrydale and other smaller settlements like Buffeljagsrivier where waste in bags are collected and transported to the Swellendam landfill site. Domestic waste are removed from all residential and business zones within Swellendam service area and disposed at the Bontebok landfill site. The service is limited to a black bag system for domestic refuse. Garden refuse must be removed and delivered to the landfill site by the residents themselves. The municipality has stopped the unauthorised removal of recyclable refuse by salvagers and has embarked upon a process to create an opportunity for a private person to establish a proper recycle facility. Agri-



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World Recycling, a privately owned company, started operation on 11 November 2014. Agri-World Recycling recycles paper, glass, plastic, tin and cardboard. It is estimated that only 12% of the recyclables waste received will be sent to the Bontebok waste disposal site when the facility is in full operation. The environmental impact assessment for this facility will commence in the 2015/ 2016 financial year at the cost of Agri-World Recycling.

The management of the Bontebok waste disposal site that posed a huge challenge has been addressed. This process that started during September 2013 and have gained momentum in the financial year under review and the site has been properly reconstructed and cleaned up. This project had made a huge positive impact on the management of the site. The priorities for the next financial year is to erect a proper fence and implement proper access control. An application has also been lodged with the department of water affairs and sanitation for approval to use the Barrydale waste disposal site for

The draft integrated waste management plan will be presented to council in the first half of the ensuing financial year for approval.

### b) *Highlights: Waste Management*

Highlights	Description
IWMP in final stages	Public Comments currently called for.
Youth in waste project	10 Temporary jobs were created for the youth as well as community training conducted in regard to information of cargo management. Refuse collection conducted in tons at the landfill site.
Management of landfill site improved	Dumped refuse is successfully covered on a daily basis. Outstanding compliance requirements will be addresses with the Environmental Protection and Infrastructure Program Grant Funding project

**Table 80.: Waste Management Highlights**

### c) *Challenges: Waste Management*

Description	Actions to address
The municipal vehicles is currently is a poor conditions and need to be replaced as soon as possible as it influences service delivery and also poses a safety hazard. A shortage of vehicles is also experienced	Regular maintenance and investigate the possibility of replacing vehicles. New vehicles needs to be purchased to meet the high service delivery demands
Development of a new cell is delayed due to financial constraints	Alternative funding will have to be investigated as well as an application for MIG funding
Limited funding for other projects	Alternative funding will have to be investigated as well as an application for MIG funding

**Table 81.: Waste Management Challenges**



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### d) Service delivery level

Solid Waste Service Delivery Levels		
Description	Households	
	2013/14	2014/15
	Actual	Actual
	No.	No.
<b><u>Solid Waste Removal:</u> (Minimum level)</b>		
Removed at least once a week	5 564	5 758
Number of residential properties which are billed for refuse removal		

**Table 82.: Solid Waste Service Delivery Levels**



**Graph 8.: Refuse Removal Services Delivery levels**

### e) Employees: Solid Waste

Employees: Solid Waste Services				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	15	11	4	27
4 - 6	2	2	0	0
7 - 9	1	1	0	0
10 - 12	1	0	1	100
13 - 15	0	0	0	0





## Chapter 3: Service Delivery Performance

Employees: Solid Waste Services				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
16 - 18	0	0	0	0
19 - 20	0	0	0	0
*P.T.I.	1	1	0	0
<b>Total</b>	<b>20</b>	<b>15</b>	<b>5</b>	<b>25</b>
<i>*P.T.I. – personal to incumbent</i> <i>Employees and Posts numbers are as at 30 June</i>				

**Table 83.: Employees: Solid Waste Services**

### f) Capital: Solid Waste

There were on Capital Budget for 2014/15.

### 3.3.5 Housing

#### a) Introduction to Housing

The municipality wishes to pursue the delivery of housing, within the framework of National and Provincial policy, by addressing issues of land, services and infrastructure and creating an enabling environment for housing development. It is also committed to ensure that sustainable habitats are created to contribute to the improvement of the living conditions of the poor.

#### Housing need:

The need for an integrated residential development approach that addresses the whole spectrum of residential needs has been identified and the following main income categories have been considered:

Subsidy housing >R3 500 per

Site	Property	Units
Subsidy: Priority 1		
Swellendam	UISP	115
Swellendam	EHP	2
<b>Total</b>		<b>117</b>
Subsidy Priority 2 –Serviced sites		
Swellendam	IRD	294
Buffeljagsrivier	IRD	75



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Site	Property	Units
Total		369
Subsidy Grand Total		486

**Table 84.:** Prioritised housing sites

### b) Highlights: Housing

Highlights	Description
Govan Mbeki Human Settlement Award	1 <sup>st</sup> place in the Category “Best Informal Settlements Upgrading Project” for the Railton Housing Project
First A-Grade (surfaced roads) project in the Western Cape.	Upgrading of the first phase of the Railton Housing Project from gravel roads to paved roads.
First project in Western Cape to comply with the new top structure standard	Retrofitting of 115 top structures from previous standard to new standard (including internal electrical plugs and lights in each room) and the completion of 155 houses to the new standard.
Completion of first phase of serviced erven in Railton	Relocation of 245 families to newly serviced erven from the Railton informal settlement.
Servicing of Sites in Buffeljagsrivier	Completion of services (including surfaced roads) for 73 erven in Sovereign Estate.

**Table 85.:** Housing Highlights

### c) Challenges: Housing

Description	Actions to address
Shortage of staff	Funding needs to be made available to fill vacancies
Illegal informal structures management	A register needs to be compiled in order to address the management of Illegal informal structures
Shortages of bulk services for housing development	Application must be made for MIG Funding to address the shortages of bulk services for housing development

**Table 86.:** Housing Challenges

### d) Service delivery levels

The following table shows the increase in the number of people on the housing waiting list. There are currently approximately 3 734 housing units on the waiting list.

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2013/14	3 484	(11.5)
2014/15	3 743	7

**Table 87.:** Housing waiting list



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A total amount of R29 710 000 was allocated to build houses during the financial year under review. A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2013/14	24 261	17 289	75.3	155	120
2014/15	29 710	32 092	108.0	117	369

**Table 88.: Housing**

The gazetted-DORA allocation for 2014/15 was R29 710 000 and funds were spent on the servicing of 369 sites and the building of 117 houses.

### e) *Employees: Housing*

Employees: Housing				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	0	0	0	0
7 - 9	1	0	1	100
10 - 12	1	1	0	0
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
<b>Total</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>33</b>

*Employees and Posts numbers are as at 30 June*

**Table 89.: Employees: Housing**

### f) *Capital: Housing*

There were on Capital Budget for 2014/15.



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### 3.3.6 Free Basic Services and Indigent Support

#### a) Introduction

Basic municipal services are rendered to all urban areas and some rural areas within the municipal boundaries. Lack of funding is restricting progress with the extension of basic services to areas still requiring services or the upgrading of existing services. Basic services are currently rendered in towns and villages as follows:

- ✚ Barrydale: All households receive electricity, water, sanitation and refuse removal
- ✚ Infanta: 63 households receive basic services for refuse removal
- ✚ Buffeljagsriver: All households receive basic services for water, sanitation and waste removal. ESKOM supply electricity to all households
- ✚ Suurbraak: All households receive electricity, water, sanitation and refuse removal
- ✚ Malagas: All households receive refuse removal
- ✚ Swellendam: All households receive electricity, water, sanitation and refuse removal
- ✚ Businesses: All businesses receive electricity, water, sanitation and refuse removal
- ✚ Farms: No basic services

The table below indicates the households that received free basic services in the 2014/15 financial year:

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2013/14	7373	5 962	80.8	6 310	85.6	1 754	23.8	1 754	23.8
2014/15	7647	5 820	76.1	6 339	82.9	2 018	26.4	2 018	26.4

Table 90.: Free basic services to households

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value
			R'000			R'000			R'000
2013/14	1 754	50	840	4 208	20	806	224	20	43
2014/15	2 016	50	1 019	3 802	20	768	224	20	43

Table 91.: Free basic Water services to indigent households



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Water						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Unit per HH (kl)	Value	No. of HH	Unit per HH (kl)	Value
			R'000			R'000
2013/14	1 754	6	1 104	4 556	6	2 868
2014/15	2 016	6	1 307	4 321	6	2 800

**Table 92.:** Free basic Water services to indigent households

Financial Performance 2014/15: Cost to Municipality of Free Basic Services Delivered		
Services Delivered	2013/14	2014/15
	Actual	Actual
	R'000	
Water	3 972	4 107
Electricity	1 689	1 787
Sanitation	4 127	4 828
Refuse removal	2 096	2 629
<b>Total</b>	<b>11 884</b>	<b>13 351</b>

**Table 93.:** Financial Performance 2014/15: Cost to Municipality of Free Basic Services Delivered





## Chapter 3: Service Delivery Performance

### 3.4 COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

#### 3.4.1 Roads

##### a) *Introduction to Roads*

The Swellendam Municipality area has around 86km paved road systems, which include tar and block paving. The estimated replacement value is around R200 million and the average condition can be rated as fair, as per Pavement Management System (PMS). The estimated funding backlog in terms of operation and maintenance in 2008 was R35 million, with a R25 million short term and R31 million medium term backlog. 21% of the surfacing and structural component of system is in poor to very poor condition.

It is clear that the priority is general maintenance which includes pothole repair, reseal, crack sealing, base failure and surface failure. Minor routine maintenance was done during the 2014/15 year through the operating budget, with no capital projects, since no capital funds were available.




The department's overall strategy is to eliminate the backlog that currently exists. This can only be achieved by attending to the necessary rehabilitation and reseal backlogs. The greatest concern is, however, the lack of a sustainable funding source. The current operating funds available for roads are 1% of the replacement value.

Statistics taken and adjusted from the Pavement Management System (PMS) 2008. It is the intention of the municipality to review the Pavement Management System (PMS) during the 2014/15 financial year.

The current backlog is around R55 million for surfacing and structural projects. To address this proves problematic, since no capital budget for roads was available for the last three years. Funds were made available through MIG to address roads and storm water issues in one of the housing projects to the value of R16 million. During the 2012/13 financial year R8.5 million were spend and R3 million in the 2013/14 financial year. The third phase was completed during the 2014/15 financial year.

The shortage of staff was partially addressed by the EPWP program, but vacancies should still be filled to optimize the departments operations. Pothole repairs and other maintenance programs were short-lived, since pipe bursts were the primary activity for maintenance teams during the 2014/15 financial year. All of these was backfilled and repaired by the roads department, interfering with planned maintenance works.

The department's top 3 priorities are:

-  Maintain existing streets – partial impact, no capital budget available.
-  Provide proper access for every resident – average impact, small portion of complaints received.
-  Rehabilitate old infrastructure – no impact, no capital budget.



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### b) Highlights: Roads

Highlights	Description
Upgrading of roads in Rondomskrik, Swellendam	The upgrading of roads in Rondomskrik, Swellendam, from gravel to paved standards were completed
Upgrading of Smartie Town roads	The upgrading of Smartie Town roads from gravel to paved standards were approved and registered with MIG

Table 94.: Roads Highlights

### c) Challenges: Roads

Description	Actions to address
Eliminate backlog such as the reseal, resurfacing and routine maintenance done due to a lack of funding.	Reseal, resurfacing, routine maintenance needs to be addressed continuously if funding is available

Table 95.: Roads Challenges

### d) Services delivery levels

Gravel Road Infrastructure: Kilometres				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2013/14	35	0	0	20
2014/15	35	0	0	24

Table 96.: Gravel road infrastructure

Tarred Road Infrastructure: Kilometres				
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted
2013/14	85	0	0	0
2014/15	86.1	0.6	0	0

Table 97.: Tarred road infrastructure

Tar roads are being maintained as reports of problems are received or as maintenance is required.

The table below shows the costs involved for the maintenance and construction of roads within the municipal area:

Financial year	New & Replacements	Resealed	Maintained
	R'000		
2013/14	3 000	0	2 126
2014/15	2 962	0	1 945

Table 98.: Cost of construction/maintenance of roads



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### e) Employees: Roads & Stormwater

Employees: Roads & Stormwater				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	11	2	9	53
4 - 6	15	12	3	20
7 - 9	2	2	0	0
10 - 12	2	2	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
P.T.I.*	5	5	0	0
<b>Total</b>	<b>35</b>	<b>23</b>	<b>12</b>	<b>34</b>

\*P.T.I. – personal to incumbent  
Employees and Posts numbers are as at 30 June

**Table 99.: Employees: Roads & Stormwater**

### f) Capital: Roads

Capital Expenditure 2014/15: Roads					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
MIG Welder	12	12	11	(1)	11
Replace Ford Bantam CCK 13771 with 1 Tonner	250	0	0	0	0
Emergency Funds	0	45	34	(11)	34
Rondomskrik Roads	878	1 138	1 138	0	1 138
Mill & Fill / Reseal Program - All towns - Road Rehab	500	500	33	(467)	33
S/W System - Railton	500	500	31	(469)	31
Speed bumps - All towns	100	100	89	(11)	89
Alternative S/W outfall, Buffeljagsrivier (Strykyster / Kerkgronde)	250	250	220	(30)	220
Extension of Koornland Street	0	370	48	322	48
Upgrading of Edem Street	0	100	78	(22)	78



## Chapter 3: Service Delivery Performance

Capital Expenditure 2014/15: Roads					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Total All	2 490	3 015	1 682	(1 333)	1 682
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					

Table 100.: Capital Expenditure: Roads

### 3.4.2 Waste water (Stormwater drainage)

#### a) Introduction to Stormwater Drainage

Stormwater systems exist in most of the residential areas. In informal and low cost housing areas provision are made through open channels and side drains. Some provisions were made in the latest low cost housing project.

Stormwater master planning needs to be conducted in Smitsville and Suurbraak to rectify issues, since little to no systems exists there. Financial provision will be made to compile master plans for these areas, but due to budget constraints only Buffeljagsrivier was completed in 2014/15. The Department of Human Settlements granted funding for the stormwater master plan of Railton, which was implemented by the Professional Resource Team (PRT) team.

Maintenance are done daily and consist of opening/cleaning of catch pits and manholes, side drains and open channels. This still seems to be challenging, due to capacity constraints.

Several isolated problem areas where flooding occurred were resolved, due to innovative actions. These areas are closely monitored, with the relevant maintenance and aftercare.

#### b) Highlights: Waste Water (Stormwater Drainage)

Highlights	Description
Railton stormwater master plan	The Railton stormwater master plan has been completed
Buffeljagsrivier stormwater master plan	The Buffeljagsrivier stormwater master plan has been completed

Table 101.: Waste Water (Stormwater drainage) Highlights



## Chapter 3: Service Delivery Performance

### c) Challenges: Waste Water (Stormwater Drainage)

Description	Actions to address
Stormwater master planning needs to be conducted in Smitsville and Suurbraak to rectify issues, since little to no systems exists there	Funding to be made available for the development of master plans for these areas
Adoption of a river management plan	Funding required and partnership with other Departments will be investigated
Funding is required to implement approved master plan recommendations	External funding needs to be obtained in order to implement the recommendations of approved stormwater master plans

**Table 102.: Waste Water (Stormwater drainage) Challenges**

### d) Employees: Waste Water (Stormwater)

Employees: Waste Water (Stormwater)				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	4	4	0	0
4 - 6	1	1	0	0
7 - 9	7	0	7	100
10 - 12	1	0	1	100
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
P.T.I.*	2	2	0	0
<b>Total</b>	<b>15</b>	<b>7</b>	<b>8</b>	<b>53</b>

\*P.T.I. – personal to incumbent

Employees and Posts numbers are as at 30 June

**Table 103.: Employees: Waste Water (Stormwater drainage)**



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### e) Employees: Mechanical workshop

Employees: Mechanical Workshop				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	1	1	0	0
4 - 6	0	0	0	0
7 - 9	0	0	0	0
10 - 12	1	1	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
P.T.I.*	0	0	0	0
<b>Total</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>

\*P.T.I. – personal to incumbent  
Employees and Posts numbers are as at 30 June

**Table 104: Employees: Mechanical workshop**

### f) Capital: Stormwater

There were no Capital Budget for 2014/15.





## Chapter 3: Service Delivery Performance

### 3.5 COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT

#### 3.5.1 Planning

##### a) *Introduction to Planning*

The municipality provides a full town planning and building control service in the area. The Town Planning and Building control unit also provides law enforcement relating to municipal planning and building control.

The challenges faced in this respect relates to the absence of building plans for quite a few building structures within the municipal area. The municipal council, in an attempt to correct the current situation, has motivated property owners to submit building plans of existing buildings to the municipality. Owners of newly acquired properties are also requested to, upon purchase, submit building plans in attempt to update the current database.

Another challenge is the addressing of illegal building works and structures. Council implement a grace period during which owners of illegal building works and structures are requested to submit plans for approval in order to avoid fines and further legal action.

House shops also poses further challenges for the municipality. The purpose of a house shop is to grant the opportunity to a household, living in the house, to generate an income by managing the business themselves. However, it has become an increased tendency for owners to lease the house shops and therefore transgresses the approval granted.

##### b) *Highlights: Planning*

Highlights	Description
Zoning scheme	The updated and revised zoning scheme was promulgated in August 2014 and implemented
Aesthetic and conservation committees	The policy and protocol for the establishment of the aesthetics and conservation committees has been revisited and approved by Council in August 2014. Aesthetics committees can now be established for each area individually
Revised Spatial Development Framework (SDF)	The updated and revised SDF was approved by Council on 26 March 2015 as a sectorial plan of the IDP in terms of the provisions of the Municipal Systems Act, 2000 (Act 32 of 2000)

Table 105: Planning Highlights



## Chapter 3: Service Delivery Performance

### c) Challenges: Planning

Description	Actions to address
Difficulties were experienced with the establishment of Aesthetic and conservation committees for Suurbraak and Barrydale due to a lack of interest of the community	The municipality will have to investigate the reason for the lack of interest and methods of remedying the situation
Implementing SPLUMA and LUPA	Promulgation of By-law and implementing the tribunal. Effectively deal with land use applications and avoid legal challenges
Kontiki development Infanta	Dealing with outstanding issues regarding the original approved plan and road access to lower Kontiki residents
With all the municipalities in the Western Cape in the process of appointing additional registered town planners and being a small rural municipality, it will be difficult to find suitable qualified town planners.	The position will have to be advertised more extensively and other obtain will have to be considered in order to find viable candidates.

Table 106.:Planning Challenges

### d) Service statistics: Planning

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
Planning application received	1	1	74	81	191	222
Determination made in year of receipt	1	1	60	54	141	172
Applications withdrawn	0	0	2	3	0	1
Applications outstanding at year end	0	0	11	24	50	26
Awaiting DEA&DP decision	0	0	3	0	0	2

Table 107.:Applications for Land Use Development

Type of service	2013/14	2014/15
Building plans application processed	191	222
Total surface (m2 )	14 908m <sup>2</sup>	21 000m <sup>2</sup>
Approximate value (Rand)	81 995 925	126 000 000
Land use applications processed	69	78

Table 108.:Additional Performance Town Planning and Building Control



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### e) Employees: Planning

Employees: Planning				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	0	0	0	0
7 - 9	1	1	0	0
10 - 12	2	1	1	50
13 - 15	2	1	1	50
16 - 18	0	0	0	0
19 - 20	0	0	0	0
P.T.I.*	1	1	0	0
<b>Total</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>33</b>

*Employees and Posts numbers are as at 30 June*

**Table 109.: Employees: Planning**

### f) Capital: Planning

Capital Expenditure 2014/15: Planning					
R'000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Refrigerator	1	2	2	0	2
Extension of GIS	290	290	269	(21)	269
<b>Total All</b>	<b>291</b>	<b>292</b>	<b>271</b>	<b>(21)</b>	<b>271</b>

*Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)*

**Table 110.: Capital Expenditure: Planning**



## Chapter 3: Service Delivery Performance

### 3.5.2 Local Economic Development (LED)

#### a) Highlights: LED

The following performance highlights with regard to the implementation of the LED strategy are:

Highlights	Description
Successful acquisition of jobs fund allocation	Many projects which are labour intensive are seeing the light because of the Jobs Fund
Tourism	Tourism is flourishing especially in terms of the hospitality sector

Table 111.: LED Highlights

#### b) Challenges: LED

The following challenges with regard to the implementation of the LED strategy are:

Description	Actions to address
There is no LED unit in place due to lack of funds and staff	Possibilities to apply for additional funding will have to be investigated
Local Tourism function is outsourced and therefore the municipality has very little control over tourism activities in terms of local economic development as it forms an integral part of tourism	Good relations and communication must be maintained with the Swellendam Tourism Organisation (STO)
Job creation possibilities and the employment environment is limited. The government is the next biggest employer to the hospitality industry	Possibilities to develop other sectors will have to be investigated

Table 112.: Challenges LED

#### c) LED Strategy

In revising LED as a strategy, Swellendam Municipality is encouraging and enabling people and stakeholders at all levels to participate in the local economic decision making which explores creativity and builds entrepreneurship at all levels of society in a more vigorous way. Given the challenges that are faced with job creation and poverty eradication, the reviewed strategy aims to build a platform for bringing all on board in working towards solutions. The interventions and agreements with SEDA and small enterprises were very disappointing and the intention to develop and support these business, failed. The District Municipality and the B-Municipality are currently in the process to receive training and support from the Department Economic Development and Tourism to capacitate our units. This Provincial LED assistance will be implemented in the new financial year.

The LED strategy identifies various issues and strategic areas for intervention such as:

Strategic areas	Description
Tourism Development	The function is outsourced to Swellendam Tourism Organisation (STO) with municipal funding
Business and Enterprise	<ul style="list-style-type: none"><li>Feasibility of Enterprise Centre</li></ul>



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Strategic areas	Description
	<ul style="list-style-type: none"><li>• Investment Promotion</li><li>• SMME Support</li><li>• Brick Making Initiative</li><li>• To support Agriculture</li></ul>
Skills and Education	<ul style="list-style-type: none"><li>• Increase of Employability Initiative</li><li>• Funding Bid for a Comprehensive Skills Audit</li><li>• Funding Bid for Trades Training</li><li>• Basic Business Skills Training Programme in partnership with Department of Labour</li><li>• Funding Bid: Establish a FET Centre</li></ul>
Infrastructure	<ul style="list-style-type: none"><li>• Water, Energy and Basic Services</li><li>• Business Sites</li><li>• Informal Trading Areas</li><li>• Public Transport Service: Initial study</li><li>• Infrastructure backlog review</li><li>• Skills Development Centres</li></ul>

Table 113.: LED Strategic areas

### d) Tourism

#### Overview

The tourism sector in Swellendam has traditionally been defined by hospitality (*accommodation and restaurants*) servicing tourists who use Swellendam as a one-night stop to break the journey from Cape Town to the Garden Route. The proportion of overseas versus domestic tourists visiting the local tourism information offices annually is 50/50, with most international tourists visiting between November and March and domestic tourists visiting all year round. Seasonality is marked, with a pronounced dip in the winter months of June to August, and the average length of stay is short, at 1.2 nights.

These facts point to a need to focus on:

- ✚ providing more activities and experiences, which are the key drivers of visits and especially longer stays;
- ✚ combating seasonality by promoting winter breaks, business tourism and events; and
- ✚ an approach that opens up opportunities for economic activity leading to the mainstreaming of black people into the tourism industry.



## Chapter 3: Service Delivery Performance

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### *Economic Impact*

The contribution of tourism to the overall economy of the Swellendam Municipal Area is estimated at ~20%, making it the second-largest sector after Agriculture. Available data is incomplete, but best estimates are that tourism sustains around 3 000 local jobs and contributes around R200 million earnings to the local economy annually. Considerable hidden value comes from foreign direct investment which contributes to rates income, creates jobs and supports not only the tourism sector but also the real estate, building, general retail trade and motor sectors.

The economic impact of tourism is most likely underestimated due to the informal nature of certain activities and poor data collection & reporting (*most tourism activities are private concerns and/or secondary occupations; owners don't tend to report or share information freely*)

### *Growth and Transformation*

It is widely accepted that tourism is the economic sector with the most potential to bring about sustainable economic growth, jobs and benefits to disadvantaged communities, but inadequate planning and funding support has been allocated to this need.

Since this issue was highlighted in the previous annual report Swellendam Tourism has originated a jobs fund project aimed at unlocking potential for new jobs and economic opportunities through tourism. The Swellendam Tourism Economic Empowerment Partnership (STEPP) is a collaboration between the local tourism organisation and government at local, provincial and national level that seeks to grow the local tourism economy. The project was established in January 2015 with the aim of delivering 837 permanent jobs, 52 temporary jobs, 38 new SMME enterprises and 1 500 training opportunities over its 3 year term.

### *Functional Management*

Local tourism is a power and function of the municipality in terms of section 156 read with Schedule 4(B) of the Constitution of the Republic of South Africa, 1996. The Swellendam Municipality does not currently render a local tourism function as part of its municipal services. The Swellendam Tourism Organization (STO) provides tourism related functions in the Swellendam municipal area comprising the towns and villages of Swellendam, Barrydale, Suurbraak, Malagas, Buffeljagsrivier, Wydgeleë (Ouplaas), Akkerboom (Op de Tradouw), Infanta, and Stormsvlei. Section 67 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (*the MFMA*) read with the Municipal Grant-in-Aid Policy, provide that the municipality must enter into an agreement with the STO before any funds may be transferred to provide the functions referred to in clause 8 of this Agreement. The municipality and the STO have formally entered into a service level agreement on their respective roles and responsibilities relating to the rendering of tourism functions.





## Chapter 3: Service Delivery Performance

### Employment

#### e) Informal Street Trading

The municipality identified a number of street trading areas in the central town and leases it out to informal street traders. There are no under roof covered areas for this purpose. Street trading mainly operates in the busiest areas of the towns. Application has been made to the department of Public Works for financial support in order to construct a proper informal trade market and taxi rank.

#### f) Employees: LED

Employees: Local Economic Development				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	0	0	0	0
7 - 9	3	2	1	33
10 - 12	0	0	0	0
13 - 15	1	0	1	100
16 - 18	0	0	0	0
19 - 20	0	0	0	0
<b>Total</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>50</b>
<i>Employees and Posts numbers are as at 30 June</i>				

**Table 114.1:** Employees: Local Economic Development

#### g) Capital: LED

There were no Capital Budget for 2014/15.



## Chapter 3: Service Delivery Performance

### 3.6 COMPONENT D: COMMUNITY AND SOCIAL SERVICES

#### 3.6.1 Libraries

##### a) Introduction to Libraries

Libraries are really becoming the “One stop information centres” in the different communities. With the exception of Buffeljagsrivier, all libraries have free internet access for the public. Buffeljagsrivier will receive their computers and internet during the 2014/15 financial year and the staff are ready and excited for the new venture. The Buffeljagsrivier study hall has also been completed.

The greater Swellendam municipal area is proud of Barrydale public library that was awarded with the title of “Best small library of the year” in the Western Cape. The Barrydale Ratepayer Association also nominated the three staff members as, The Citizens of 2014.

Another milestone for libraries was the opening of Malagas Wheelie Wagon in May 2014. It is well supported under local inhabitants.

Staff members of Railton and Swellendam public libraries were also approached by Correctional Services to do a programme for World Book Day. After the success of the programme they were approached to do the same programme at Helderstroom Correctional Facility. All libraries have containers available for the public for book donations for Correctional Services. The professional staff survive any obstacle thrown at them and they enjoy reaching out to others, especially senior citizens and preschoolers.

##### b) Highlights: Libraries

Highlights	Description
Suurbraak Library received R1 million from Province	Suurbraak Library indicated on the wishlist, provided by Province, that they would like a study hall and their wish was granted and for that purpose they received R1 million.
Buffeljagsrivier Library received their computers for the ICT project.	Buffeljagsrivier Library received 5 computers for the public for internet use.

Table 115.: Libraries Highlights

##### c) Challenges: Libraries

Description	Actions to address
Adequate space for computers at Malagas wheelie wagon.	A request for the rental of an extra hall has been made to the owner to be used as a computer hall.

Table 116.: Libraries Challenges



## Chapter 3: Service Delivery Performance

### d) Services delivery levels

Type of service	2013/14	2014/15
Library members	8 104	47115
Books circulated	175 371	212 085
Exhibitions held	302	337
Internet users	11 770	11 377
Children programmes	227	207
Visits by school groups	72	60
Book group meetings for adults	30	0
Primary and Secondary Book Education sessions	15	0

**Table 117.: Service statistics for Libraries**

### e) Employees: Libraries

Employees: Libraries				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	4	2	2	50
7 - 9	8	8	0	0
10 - 12	1	0	1	100
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
P.T.I.*	8	5	3	38
<b>Total</b>	<b>22</b>	<b>16</b>	<b>6</b>	<b>27</b>

\*P.T.I. – personal to incumbent (Contract employees : Conditional Grant)  
Employees and Posts numbers are as at 30 June

**Table 118.: Employees: Libraries**



## Chapter 3: Service Delivery Performance

### f) Capital: Libraries

Capital Expenditure 2014/15: Libraries					
R'000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Land and Buildings	22	22	14	(8)	14
Furniture and Equipment Barrydale (Display cabinet)	23	23	15	(8)	15
Computer - Suurbraak	10	10	8	(2)	8
Book detective system - Railton	150	150	114	(36)	114
Book detective system - Swellendam	150	150	134	(16)	134
Book detective system - Suurbraak	0	125	97	(28)	97
Book detective system - Barrydale	0	125	105	(20)	105
Book detective system - Buffeljags	0	116	110	(6)	110
<b>Total</b>	<b>355</b>	<b>720</b>	<b>597</b>	<b>(122)</b>	<b>597</b>
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)</i>					

Table 119.: Capital Expenditure: Libraries

### 3.6.2 Cemeteries

#### a) Introduction to Cemeteries

The municipality is responsible for 9 cemeteries of which 4 is full to capacity. There are 5 currently in use, which is situated in Swellendam (2), Barrydale (2) and in Suurbraak (1). All cemeteries are maintained on a continuous bases and are generally in a good condition.

#### b) Highlights: Cemeteries

Highlights	Description
Extension of Railton cemetery in place	Railton cemetery was extended for use for the next 10 years
New record system on a geographic information system (GIS)	Cemetery recordings and record keeping is on electronic format linked to the GIS

Table 120.: Cemeteries Highlights



## Chapter 3: Service Delivery Performance

### c) Challenges: Cemeteries

Description	Actions to address
Burial Space is required for Suurbraak, Barrydale , Swellendam	Possible extension will have to be investigated
None of the cemeteries have any available ablution facilities	A request will be made to make adequate budget available for the construction of ablution facilities at cemeteries

**Table 121.: Cemeteries Challenges**

### d) Service Statistics: Cemeteries

Type of service	2013/14	2014/15
Pauper burials	6	0

**Table 122.: Service stats for Cemeteries**

### e) Capital: Cemeteries

There were no Capital Budget for 2014/15.



## Chapter 3: Service Delivery Performance

### 3.7 COMPONENT E: ENVIRONMENTAL PROTECTION

#### 3.7.1 Environmental Protection

##### a) *Introduction to Environmental Protection*

Certain environmental functions are the responsibility of the Swellendam Municipality and include Air- and Noise pollution, coastal protection, biodiversity and landscape; and coastal protection.

The National Estuarine Management Protocol (NEMP) was published in May 2013 and has caused confusion on the division of powers and functions between the Swellendam Municipality and the Provincial Department of Environmental Affairs. It seems that the overarching management over the Breede River is now a provincial a function. The control over the Breede River is currently done in terms of a service level agreement between the municipalities of Hessequa and Swellendam and the Lower Breede River Conservancy Trust (LBRCT). Both these municipalities have promulgated a By-Law on the control and management of the Breede River. However, it seems that the following estuarine matters within the jurisdiction of the Swellendam Municipality are now a municipal competency:

- ✚ To institute invasive alien vegetation clearing and management according to the Integrated Invasive Vegetation Management Plan.
- ✚ To actively promote a better understanding, appreciation, use and conservation of the limited natural resources within the municipal area (including biodiversity, soil, water and energy) by the owners and staff of, and visitors to, the area.
- ✚ Environmental Officers have to be appointed to manage and control the environmental issues.
- ✚ Promotion of the conservation of the environment (biophysical, socio-economic and cultural historic characteristics).
- ✚ Promotion of the integrated management of Reserves and natural areas within the municipal jurisdiction.
- ✚ To develop and maintain high quality visitor infrastructure, facilities and recreational activities along sound financial lines.
- ✚ To enhance the tourist potential of the Swellendam Municipal area through the actions mentioned above.
- ✚ Managing the interface between the Natural and Urban Environment, for example Baboon Management. Baboons are becoming an increasing challenge in the Barrydale area.

The challenges in this regard are:

- ✚ To obtain funding for the above functions
- ✚ To generate sustainable funding for environmental management

##### *Coastal Management*

Swellendam Municipality has addressed the cleansing and cleaning of the public beach at Infanta as well as the maintenance of infrastructure (signs, trails, paths, benches, ablutions, boardwalks and bridges). Areas still to be addressed are the registration of slipways and jetties, the drafting and implementation of a slipway and jetty management plan and by-law.





## Chapter 3: Service Delivery Performance

### *Bio-Diversity and Landscape*

**Coastal Setback Lines:** The Overberg District Municipality and Department of Environmental Affairs and Development Planning introduced the Coastal Setback line process for the Overberg Region. Currently the public participation process is underway for tender review in order to finalize the setback lines for the relevant Overberg Municipalities.

### *Pollution Control*

The municipality must establish specialised units for air quality and noise control. Both these functions are specialised functions and there is a need to appoint specialised officers in this regard. At this stage one of the Law Enforcement Officials has been dedicated as an air pollution control officer as well as to deal with noise pollution. The Air Quality By-Law has been promulgated and the Air Quality Management Plan is in the developmental phase. The law enforcement officers have also undergone basic training on noise control.

#### **b) Highlights: Environmental Protection**

Highlights	Description
Promulgation and Implementation of By-Laws	The following By-laws has been promulgated and implemented: <ul style="list-style-type: none"><li>• Air Quality</li><li>• Prevention of public nuisances</li><li>• Fireworks</li></ul>

**Table 123.: Environmental Protection Highlights**

#### **c) Challenges: Environmental Protection**

Description	Actions to address
Specialized units	Specialized units need to be established for both air quality and noise pollution
Management of slipways and jetties	Registration of slipways and jetties, the drafting and implementation of a slipway and jetty management plan and by-law.
Estuarine management for the Breede River estuary.	The Department of Environmental Affairs & Development Planning still needs to publish an estuarine management plan for the Breede River estuary.
Clarification of functions	The Department of Environmental Affairs & Development Planning needs to clarify the functions between the various spheres of government
Funding of LBRCT functions	Hessequa Municipality only contributes a third of the funds for the functions of the LBRCT. The contributions need to be equally distributed between Swellendam Municipality and Hessequa Municipality.

**Table 124.: Environmental Protection Challenges**



## Chapter 3: Service Delivery Performance

### d) Lower Breede River Conservancy Trust (LBRCT) environmental activities

Inspections at slipways	2013/14	2014/15
Recreational River boats	1 366	759
Recreational Sea boats	187	245
Commercial Sea Boats	7	5

**Table 125.: Inspections at slipways**

The LBRCT has four appointed environmental law enforcement officers who are appointed in terms of the municipal by-laws as well as the Marine Living Resources Act.

There are six public slipways which need to be checked. The majority of anglers use the estuary for fishing as well as for access to the sea and need to be checked in terms of fish catches and compliance to the municipal by-laws. The LBRCT records catch statistics which are sent to the relevant Department of Agriculture, Forestry and Fisheries (DAFF) scientists.

Patrols	2013/14	2014/15
Vehicle/Motorbike Patrols	464	355
Foot Patrols	157	118
Boat Patrols	419	208

**Table 126.: Number of Patrols**

There are over 500 slipways and jetties on the Swellendam side on the estuary. The best way (and sometimes only way) to check these boats is on the water by patrol boat. The LBRCT checks boats and can reach the hard to reach places where bait organisms are being removed. Boat patrols are also used to check other environmental concerns such as illegal developments and contraventions in terms of NEMA. The LBRCT is expected to conduct site inspections for development applications as well as EIA's.

Foot patrols are also used to reach difficult areas and are the main method used to check bait collectors

No. of Fish outlet inspections	2013/14	2014/15
Restaurant	18	9
Fish Shop	7	4
Hotel	5	4

**Table 127.: Fish Outlet Inspection**

This is an important control method to ensure that no recreational fish is sold illegally.

Commercial Fisheries inspections	2013/14	2014/15
Line fish	18	14
Oysters	50	30

**Table 128.: Commercial Fisheries Inspections**



## Chapter 3: Service Delivery Performance

Commercial catches are monitored as operators have certain permit conditions and quotas that need to be complied with. No commercial fishing is allowed in the estuary.

Warnings(W) and prosecutions (P)	2013/14		2014/15	
	W	P	W	P
MLRA	85	22	76	4
Municipal by-law	73	16	74	1
NEMA	8	0	6	1
Total fine amounts (R Value)	26 800		2 700	

**Table 129.: Warnings and Prosecutions**

### e) Environmental Education and Liaison Activities

Liaison Meetings	2013/14	2014/15
Number of meetings	155	99

**Table 130.: Liaison Meetings**

The LBRCT/municipality is represented at all the major local conservation initiatives, including the Municipal Coastal Committees, Overberg Integrated Conservation Group and Breede River Estuary Advice Forum, just to name a few.

Educational Presentations	2013/14	2014/15
Number of education activities	34	27
Number that attended	399	196

**Table 131.: Educational Presentations**

The LBRCT has kept up regular educational activities and presentations to improve the knowledge of local communities. Topics of presentations are kept around local issues and have been well received. There is also a monthly conservator report that is sent out to a wide support base that focuses on conservation of the Breede River estuary.

Media releases	2013/14	2014/15
Local information	3 600	1 800
By-Law Information	4 450	2 400
DAFF Do's and Don'ts	2 680	1 450
By-Law notices	600	0 (no new by-laws published)
Monthly conservator reports	10 050	7 200
Article in News paper	17	2
Social media (Facebook)	Daily postings	Weekly postings

**Table 132.: Media releases**



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Special events and workshops	2013/14	2014/15
Number of events	26	14

**Table 133.: Special Events and Workshops**

Angling Competitions	2013/14	2014/15
Number of competitions	13	8
Number of anglers	169	117

**Table 134.: Angling Competitions**

The municipal by-law requires any activity such as fishing competitions, regattas and other events to be registered with the municipality.

### *g) Capital: Environmental Protection*

There were no Capital Budget for 2014/15.



## Chapter 3: Service Delivery Performance

### 3.8 COMPONENT F: SECURITY AND SAFETY

This component includes: traffic; law enforcement; fire and disaster management

The Swellendam Municipality is eager to ensure a safe environment for the public, personnel and councillors of the municipality. The municipality therefore makes use of private security firms to ensure the safety of the personnel and councillors, as well as members of the public that visit municipal offices. The council chambers are under camera surveillance and specialised security forces are contracted to oversee the security during council meetings. Traffic services also assists in this regard. Security is restricted to the main office building in Voortrekker Street and the engineering offices and stores in Lindt Street, Swellendam. All municipal buildings are equipped with alarms systems connected to armed response security.

The municipality needs to work towards improving relations with the SAPS. The situation in the central business area of Barrydale has become a major challenge and a full time law enforcement officer man the area on Friday afternoons and Saturday mornings. Regular meetings with SAPS in Barrydale is scheduled on Friday mornings in order to coordinate the actions for the weekend. The use of a vacant municipal building in Swellendam has been granted to the Neighbourhood Watch in Swellendam, free of charge.

#### 3.8.1 Law Enforcement

##### a) Introduction to Law Enforcement

Law Enforcement is basically a SAPS function and the municipal services in this regard is restricted to policing of municipal by-laws. The aim of the Swellendam Municipal Law Enforcement Unit is to ensure obedience to municipal by-laws and to create an environment that will further the social and economic development of the community. It is of utmost importance that the community feel safe and can participate without fear and prejudice in the affairs of the municipality. The quality of life of the inhabitants and the visitors is dependent on a healthy and safe environment and therefore the municipal By-Laws must be adhered to.

The community and their families must feel safe to make use of and relax in public open spaces and municipal facilities. The nuisances created by culprits must be addressed efficiently and effectively. The challenges faced in this regard relates to the division of powers between the local and district municipality and the grey areas that were created. Furthermore unfunded mandates are enforced on municipalities to assist with provincial competencies such as environmental control. A lack of trained staff to cope with air pollution and noise control is a major challenge to overcome. New by-laws has been published and implemented.

##### b) Highlights: Law Enforcement

Highlights	Description
New by-laws promulgated and implemented	Tariffs by-law Credit Control and debt collection by-law By-law relating to the Supply of Electricity By-law relating to Roads, Traffic and Parking



## Chapter 3: Service Delivery Performance

Highlights	Description
	By-law relating to Stormwater Management By-law relating to Water and Sanitation Services and Industrial Effluent By-law relating to Air Quality Management By-law relating to Fireworks By-law on Public Nuisances
New signs	20 sign boards were erected to prohibit illegal dumping in the municipal area.
Information and knowledge sharing	Notices and press releases on new by-laws were distributed and notices are frequently distributed in areas where illegal dumping is experienced
Planned actions	Planned actions are undertaken on the enforcement of the by-laws

**Table 135.: Law Enforcement Highlights**

### c) Challenges: Law Enforcement

Description	Actions to address
Lack of staff (capacity)	Provision will have to be made in the long term budget strategy and supervisors on law enforcement should be trained

**Table 136.: Law Enforcement Challenges**

### e) Employees: Law Enforcement

Employees: Law Enforcement				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	0	0	0	0
7 - 9	4	2	2	50
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
<b>Total</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>50</b>

*Employees and Posts numbers are as at 30 June*

**Table 137.: Employees: Law Enforcement**

### f) Capital: Law Enforcement

There were no Capital Budget for 2014/15.





## Chapter 3: Service Delivery Performance

### 3.8.2 Traffic Services

#### a) Introduction to Traffic Services

The municipality renders a comprehensive traffic service including traffic law enforcement, road markings, road traffic signs and law enforcement in general. We endeavor to educate and create a culture of compliance and willingness to obey to traffic law, rules and regulations and operate on the legal mandate of NRTA 93/96 and NLTA 5/2009. Operational activities inter alia include roadblocks, high visibility, random vehicle checkpoints, execution of traffic related warrants and traffic laws and policing of municipal by-laws.

Traffic also partner with other LLw enforcement agencies, like the S.AP.D, Nature reserve, Lower Breede River Conservancy Trust (LBRCT) and Provincial Traffic services to minimized road deaths and other crime related problems.

#### b) Highlights: Traffic Services

Highlights	Description
New appointments	Traffic Chief, Mr Esau Everts - appointed on 1 October 2014.
	Ms Carlin De Bruyn was appointed as the Supervisor E – Natis – 1 December 2014
	Two traffic officers, Jerome Fortuin and Phindile Nzula, were permanently appointed on 1 November 2014.
Skills development	Anita Gaffley - completed the motor vehicle registration clerk course and Jerome Fortuin (Traffic Officer) completed K53 Grade A Course

Table 138.: Traffic Services Highlights

#### c) Challenges: Traffic Services

Challenges	Actions to overcome
Supt Traffic, E – Natis Cashier, 2 Testing Officers and a traffic officer were suspended due to alleged irregularities and on 30 June 2015 the disciplinary hearing was still not completed.	Provincial Traffic assisted by providing two Testing Officers Grade A since January 2015 and on 30 June 2015 they were still in our service. Me CR Pike is acting in the absence of the E Natis cashier and Mrs A Gaffley was placed at the Traffic Department.

Table 139.: Traffic Services Challenges

#### d) Additional Performance Service statistics for Traffic Services

Details	2013/14	2014/15
Motor vehicle licenses processed	10 028	26 865
Learner driver licenses processed	685	932
Driver licenses processed	1 004	2 431
Driver licenses issued	3 178	3 221
Fines issued for traffic offenses	Provincial/Mun 8 588	Provincial/Mun 10 664
R-value of fines collected	3 465 950	5 339 040



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Details	2013/14	2014/15
Roadblocks held	165	265
Complaints attended to by Traffic Officers	27	9
Number of officers in the field on an average day	4	3
Number of officers on duty on an average day	2	3

**Table 140:** Additional performance Service Statistics for Traffic Services

### e) Employees: Traffic Services

Employees: Traffic Services				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	3	3	0	0
4 - 6	3	2	1	33
7 - 9	7	5	2	29
10 - 12	14	9	5	36
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
<b>Total</b>	<b>28</b>	<b>20</b>	<b>8</b>	<b>29</b>

Employees and Posts numbers are as at 30 June

**Table 141:** Employees: Traffic Services

### f) Capital: Traffic

There were no Capital Budget for 2014/15.



## Chapter 3: Service Delivery Performance

### 3.9 COMPONENT G: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

#### 3.9.1 Introduction to Sport and Recreation

In terms of our mandate we make facilities available to the broader community such as sport fields. The municipality is responsible for development of the facilities and the upgrading thereof whilst the sport clubs leases the facilities and needs to maintain it. The municipality develops and maintains community parks, halls, camp sites and caravan parks. This service places an enormous financial burden on the municipality. The vast spread area demands a duplication of basically all services in all areas. The following infrastructure presently exist: Sport grounds for rugby, soccer and netball in Swellemdan, Barrydale, Suurbraak and Buffelsjagsfontein and cricket in Swellendam.

##### a) Highlights: Sport and Recreation

Highlights	Description
Railton soccer pitch	A new soccer pitch was developed for the Railton sports complex
New high mass spotlights for Railton	3 High mass poles equipped with spotlights were installed for Railton
Development of master planning of all sports facilities	A full and comprehensive plan is currently being drafted in order to address all matters in regard to sports facilities example pavilion, cloakrooms etc.

Table 142.: Sport and Recreation Highlights

##### b) Challenges: Sport and Recreation

Description	Actions to address
Lack of funding for the upgrading of sport facilities	The lack of funds is a great concern in order to upgrade the sports facilities. Application will have to be made to the provincial government for funding in this regard
Staffing capacity constraints	Adequate budgeting for vacant position must be done and positions must be advertised and filled
Vandalism of facilities	Addressing the matter by educating and informing the general public by means of the Back to Basics Communications projects for 2015/2016

Table 143.: Sport and Recreation Challenges



## Chapter 3: Service Delivery Performance

### c) Employees: Parks & Recreation

Employees: Parks & Recreation				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	22	16	6	27
4 - 6	17	13	4	24
7 - 9	4	3	1	25
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
P.T.I	8	8	0	0
<b>Total</b>	<b>51</b>	<b>40</b>	<b>11</b>	<b>22</b>

*Employees and Posts numbers are as at 30 June*  
*P.T.I. – personal to incumbent*

**Table 144.: Employees: Parks & Recreation**

### d) Capital: Sport and recreation

There were no Capital Budget for 2014/15.

## 3.10 COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: executive and council; financial services; human resource services; ICT services; legal services; and procurement services.

### 3.10.1 Executive and Council

This component includes: Executive office (mayor; councilors; and municipal manager).

The Council consists of 9 Councillors, including the Executive Mayor, Deputy Executive Mayor and Speaker as determined by the MEC for Local Government in the Western Cape. It is a category B municipality with a mayoral executive system combined with a ward participatory system as provided for in the Western Cape Determination of Types of Municipalities Act, 2000. In terms of section 57 of the Municipal Structures Act, 1998 (Act no 117 of 1998) the Municipal Council elects an Executive Mayor and Deputy Executive Mayor. The Executive Mayor is entitled to receive reports from council committees and to forward it to Council with a recommendation, or dispose of the matter in terms of his delegated powers.



## Chapter 3: Service Delivery Performance

### a) Highlights: Executive and Council

Highlights	Description
Stability in Council	Council meets regularly and the meetings are fairly stable and general consensus is reached during decision taking
Ward Committees	Ward Committees meet monthly and are functional in all wards
Mayoral Committee (Mayco)	The Executive Mayoral Committee meets monthly
System of delegations	A new system of delegations was developed and implemented

**Table 145:** Executive and Council Highlights

### b) Challenges: Executive and Council

Description	Actions to address
Ageing infrastructure and fleet	Increase maintenance budget and enhance asset replacement programmes (dependent on grant funding)
Electricity cost	The vast increase in cost of electricity poses a severe threat to the financial stability of the municipality. The impact of ESCOM increases in the foreseeable future worsens the threat.
Load shedding	Load shedding already impacts on service delivery and the possibility of long term power cuts can worsen the situation
Financial stability	Low economic growth, decreasing income base and growing demands on indigent subsidy provision threaten the financial stability

**Table 146:** Executive and Council Challenges

### c) Employees: Executive and Council

Employees: Executive and Council				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	3	1	2	67
4 - 6	1	0	1	100
7 - 9	17	10	7	41.2
10 - 12	9	4	5	56
13 - 15	6	5	1	17
16 - 18	1	1	0	0
19 - 20	0	0	0	0
P.T.I	3	2	1	33
MM & Directors	5	5	0	0
<b>Total</b>	<b>45</b>	<b>28</b>	<b>17</b>	<b>38</b>
P.T.I. – personal to incumbent (Personal Assistants of Mayor and Deputy-Mayor)				



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Employees: Executive and Council				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%

Employees and Posts numbers are as at 30 June

**Table 147.:** Employees: Executive and Council

### 3.10.2 Financial Services

#### a) Introduction: Financial Services

Sound financial management practises are essential for municipalities. The major challenge for municipalities is long term financial sustainability. The Municipal Financial Management aims at directing municipalities in a sustainable financial environment and to modernise financial management practices. The act places municipalities on a financially sustainable footing and supports co-operative government between all spheres of government. Successful implementation of the provisions of the act will maximise the capacity of municipalities to deliver services to their residents, users and customers.

The benefits of municipal finance management reform will materialise only if the municipality genuinely transforms itself by making a fundamental break from past practices and focuses its efforts on a performance-driven approach to service delivery. The MFMA and other related national legislation aim to help municipalities establish a new performance-based management culture. Modernising municipal finance management will mean that municipalities will perform better, and have better measurable outcomes, well crafted, credible budgets, reformed practices, improved disclosure and reporting, and more sustainable service delivery.

#### b) Highlights: Financial Services

Highlights	Description
Divide the income section into two divisions.	Assessment rates and services being divided to render a better service to the resident of Swellendam.
Appoint a ITC manager	A first for Swellendam Municipality
Recovery rate over 100%	The second year that the payment rate is over 100%

**Table 148.:** Financial Services Highlights

#### c) Challenges: Financial Services

Description	Actions to address
Implementation of SCOA	With the limited human resources in the department the implementation of SCOA will be a huge challenge
Increased cash reserves	To increase the cash reserves to finance the capital program and stimulate growth without external loans





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Description	Actions to address
Compliance	With the limited human resources it is extremely difficult to comply with all the requirements of National Treasury, provincial treasury and all the other compliances
SCM	To appoint a central buyer to streamline the SCM process

Table 149.: Financial Services Challenges

### d) Employees: Financial Services

Employees: Finance				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	5	4	1	20
7 - 9	28	21	7	25
10 - 12	11	5	6	55
13 - 15	3	2	1	33
16 - 18	1	1	0	0
19 - 20	0	0	0	0
P.T.I	2	2	0	0
Total	50	35	15	30

Employees and Posts numbers are as at 30 June

P.T.I. – personal to incumbent







Table 150.: Employees: Financial services

### 3.10.3 Human Resource Services

#### a) Introduction to Human Resource Services

#### Human Resources Management and Development

This department is responsible for the Human Resources Management- functions which include the following:

-  Organisational efficiency and improvement
-  Staffing in relation to recruitment, selection and appointments
-  Administration of employee benefits
-  Skills development and training
-  Occupational health and safety
-  Labour relations



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- ✚ Employee wellness (EAP)
- ✚ Performance management
- ✚ Employment equity

### *Organisational Efficiency and Improvement*

This function endeavors to develop, implement and maintain a structure that is effective and can maintain the organisational and individual productivity required for efficient service delivery to the community of Swellendam and surrounding towns under its municipal jurisdiction. The review of the organizational structure of the Swellendam Municipality and the identification and filling of critical posts were key areas for consultation with the two unions at the Local Labour Forum (LLF) and at various other management forums over the past two years. This process has started in all earnest when PWC was awarded a tender in May 2013 to do a “Structure Review” and to draft corresponding job descriptions for all employees in the Task- format. Job descriptions were issued to all employees after they were placed on the new organisational structure and the evaluation of posts by a TASK –Job Evaluation Committee in the Overberg will start in the second semester of 2015. The outcomes of this process promise to alleviate historical and current tensions which are often based on perceptions and/or suspicions of discrimination, unfavorable bias or prejudice.

### *Staffing Function*

Various pieces of legislation govern this function and prescribe in detail how tasks must be performed in order to ensure a legal, fair and transparent process that protects the rights of employees or outside candidates who apply for positions. A revised organogram was accepted by the two unions at the Local Labour Forum in June 2013 after a long consultative process. Critical posts were identified as part of this review process and a number of these posts were already filled as the statistics suggest elsewhere in the report.

Some of the challenges that remain unresolved include the scarcity of local candidates with appropriate skills to fill vacant posts; the ever increasing costs to appoint candidates with relevant qualifications and experience, the costs of advertising and the additional cost that relocation of new staff can bring about to municipalities in rural areas. The focus of this function remains the filling of posts which are directly related to service delivery and legal compliance.

Three Financial Interns remains in the system. Their general conditions of employment were set out in the Municipal Finance Management Act (MFMA) and the guidelines supplied by the National Treasury. The Internship Programme is funded by the National Treasury. These contracts continue to provide much needed capacity to the Finance Department of Swellendam Municipality while they are accumulating valuable experience.

### *Administration of Employee Benefits*

The administration of the various types of leave and benefits is done on SAMRAS-software. During the past financial year, further progress was made in this functional area. All leave is now captured and stored electronically and the system can now



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with the press of a button give required information or leave status of employees. It is envisaged that the number of leave days available to employees will in future be printed on their pay-slips on a monthly basis as soon as the payroll- and leave systems are synchronized. We can report that this function now meets all the legal requirements and that the staff of Swellendam Municipality is the beneficiaries of this improved user-friendly service.

### *Skills Development and Training*

The municipality has an obligation in terms of the Skills Development Act, No 97 of 1998, to develop its employees by providing training and development opportunities for them. Training plans are drawn up annually and are submitted to the Local Government Education and Training Authority (LGSETA). The biggest challenges facing this function remain:

- ✚ LGSETA is under administration due to its inconsistent en poor functioning nationally
- ✚ The Western Cape office is responsive but due to capacity problems it cannot manage its workload in a manner that will offer better and more support to municipalities in rural areas
- ✚ There is still no dedicated municipal official to handle this function and tasks are shared among already overstretched officials in the HR-department
- ✚ There is a limited budget available for training and development
- ✚ LGSETA funds are conditional to volumes of paperwork and bureaucratic processes with endless delays and uncertainties.

Despite the challenges, during the period under review, the following courses where offered:

Name of Course	Name of Service Provider	Number of Learners
First Aid	Manuel Security	19
Health and Safety	Technilaw	19
Municipal Supply Chain Management for Users and SCM Practitioners	University Stellenbosch	6
Introduction to Junior Management	Western Cape Provincial Training Institute	10
Introduction to Middle Management	Western Cape Provincial Training Institute	3
SDF Unit Standard Training	LGSETA	4
Plumber – Trade Test Training	CETA	4
Workplace Assessor Training	ETDP/ LGSETA	2
Workplace Mentor Training	ETDP/ LGSETA	3
Internet and Web Browsing Fundamentals 1 – Training	Western Cape Government	3
Local Government Accounting Training – SAQA NQF Level 4	AAT SA	3
Conflict Management	Ukuphela Training	1
Customer Care	Western Cape Provincial Training Institute	1



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Name of Course	Name of Service Provider	Number of Learners
Water Mentoring and Assessor Course	LGSETA	1
Electrical	Belcomec	5
NQF 2 – Water Process Controllers	LGSETA - Mahube–Training	4
NQF 3 – Water Process Controllers	LGSETA - Mahube–Training	5
NQF 4 – Water Process Controllers	LGSETA - Mahube–Training	3
ABET	CAP	1
T.A.S.K Job Evaluation Training	Deliotte Consulting	9
Municipal Minimum Competency (MMC)	University Stellenbosch	2

**Table 151.: Training 2014/15**

All these courses are linked to priority areas in the spectrum of services that Swellendam Municipality must deliver to its constituency. Improved knowledge and understanding will inevitably enhance the outcomes of the service delivery process

### *Occupational Health and Safety*

The Occupational Health and Safety Act (85 of 1993) and the Compensation for Occupational Injuries and Diseases Act (130/1993) govern this field in South Africa. The first law intends to protect employees against accidents and diseases and the second set procedures in place to compensate employees who suffered injury or contracted diseases when control measures fail. Both these laws have stiff penalties and even prison sentences when it is proven that the employer was negligent or deliberately ignored his duties and responsibilities as outlined in these laws.

Swellendam Municipality has made consistent efforts during the year under review to meet its legal obligations in terms of these laws. Quarterly Health and Safety Committee meetings are held and the Health and Safety Representatives are actively involved in all aspects. Health and Safety “Inspections Reports” of the different departments and the “Injury on Duty Reports” are tabled at these meetings for monitoring and discussion. All the Health and Safety Representatives received formal training in first aid and a course was presented that focused on “how to perform health and safety functions in a professional manner”. The minutes of the Health and Safety Committee is tabled for discussion at LLF meetings and issues raised are taken up with the relevant line management to ensure that corrective action is taken. Departmental Health and Safety Committees in the Engineering Services Directorate also meet regularly to discuss and identify risks in their environments. Personnel are required to comply and wear their Personal Protective Equipment in accordance with the general conditions and responsibilities of the employee as stipulated in the Act and take ownership for their own and their colleagues’ safety. A Protective Clothing and Equipment Policy was consulted in the LLF and approved by Council. This policy will be reviewed in the next financial year to make provision for a specific schedule that will indicate the exact type of protective clothing to be issued per work -area and department.

The number of injuries on duty and the causes thereof is monitored and these statistics are made available to the health and safety committee and the LLF.



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### *Labour Relations*

During the 2014/15 financial year great strides were made in the building of relationships amongst employees and between management and employees. This was achieved through better communication and the opportunity that was given to employees to voice their concerns. Workshops with employees on the Code of Ethics, Code on Conduct and Discipline in the workplace were held in all towns and departments. The employees appreciated the meetings that were held with them by Human Resources in their workplaces to explain changes and procedures.

The local labour forum meets monthly and there are a huge improvement in the effective functioning thereof. Organised labour and the Employer are more focused on resolving issues. Important policies and the new organizational structure were consulted in the LLF and were accepted by all parties. All the members of the LLF will receive training from the SALGBC in the 2015/2016 financial year. The training will be funded by the LGSETA.

We had to deal with a few matters where employees were guilty of serious misconduct and those employees were dismissed and some resigned before the disciplinary hearings could be finalised. Some of these matters were disputed and challenged by organised labour, but in all instances it was found at arbitration that the dismissals was procedurally and substantively fair.

The manner in which management used the disciplinary processes as a tool to correct poor work performance and misconduct to bring employees back to acceptable standards has a positive impact on the general discipline of the employees.

Supervisors were equipped on how to deal with less serious disciplinary matters in the workplace. Corrective measures were put in place against some employees who come late for work in the morning and after lunch and some who leave their workplace without permission or valid reasons.

### *Employee Wellness*

In the light of the financial constraints facing Swellendam Municipality, it is at present not possible to have a fully-fledged programme with dedicated official/s to deal with vulnerable employees or their families that are:

- ✚ Stressed and depressed due to work or personal situation
- ✚ Dependent on drugs / alcohol
- ✚ Experience trauma like divorce, domestic violence or death of family,
- ✚ Diagnosed with chronic and live threatening disease

Despite the above-mentioned fact, the Human Resource department continues to coordinate support for employees in distress. Counseling sessions were done with employees whose personal circumstances affect their work performance negatively. The employee's spouses and their union representatives were involved in these sessions and the outcomes are very positive.

The Human Resources department organised an awareness program on HIV/AIDS in the workplace that was presented by Stellenbosch University. The program was well attended by the staff and they actively took part in the interactive sessions.



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The Human Resources department will focus on similar interventions as well as life skills programs in the following year.

### Employment Equity

The Employment Equity Plan for the municipality must be taken into consideration when posts are filled and race classification, gender and disability status must be in line with the goal set for the specific occupational level in which the vacant post falls. The Employment Equity Report for 2015 was drafted and submitted electronically to the Department of Labour in January 2015.

A fresh Employment Equity Plan is in process to be drawn up and will be finalized in December 2015. The formulation process is done in conjunction with all the stakeholders, including the two unions.

#### b) Employees: Human Resource Services

Employees: Human Resource Services				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	0	0	0	0
7 - 9	5	4	1	20
10 - 12	3	2	1	33
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
<b>Total</b>	<b>9</b>	<b>7</b>	<b>2</b>	<b>22</b>

Employees and Posts numbers are as at 30 June

**Table 152.1:** Employees: Human Resource services

#### c) Employees: Office Cleaners & Messengers

Employees: Office Cleaners & Messengers				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	3	0	3	100
4 - 6	2	1	1	50
7 - 9	0	0	0	0
10 - 12	0	0	0	0





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Employees: Office Cleaners & Messengers				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
P.T.I.*	3	3	0	0
<b>Total</b>	<b>8</b>	<b>4</b>	<b>4</b>	<b>50</b>
*P.T.I. – personal to incumbent Employees and Posts numbers are as at 30 June				

**Table 153:** Employees: Office Cleaners & Messengers

### 3.10.4 Procurement Services

#### a) Highlights: Procurement Services

Highlights	Description
Bid Committee System	Improved and functional bid committee system in place
Internal control	Improved internal controls measure were implemented
Delegations	SCM delegations were developed
Recordkeeping	Improved recordkeeping and document control

**Table 154:** Procurement Services Highlights

#### b) Challenges: Procurement Services

Description	Actions to address
Lack of planning and linking demand to the budget	Improve procurement planning
Too many decentralised procurement	Procurement will need to be centralise
Inadequate contract management and administration	<ul style="list-style-type: none"> <li>✚ contracts should be monitored</li> <li>✚ expenditure on contracts should reported</li> <li>✚ unfair amendments or variations must be avoided</li> <li>✚ improve contract register</li> </ul>
Reporting	Improve reporting by creating more reliable data
Standard Operating Procedures (SOP)	Develop standard operating procedures to create institutional memory

**Table 155:** Procurement Services Challenges



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### c) Service Statistics for Procurement Services

Description	Total	Monthly Average	Daily Average
Requests processed	5 933	495	25
Orders processed	5 267	439	22
Requests cancelled or referred back	666	56	3
Extensions	7	0.60	0.03
Bids received (number of documents)	303	25	1.25
Bids awarded	91	8	0.50
Bids awarded ≤ R200 000	21	1.75	0.09
Appeals registered	3	0.25	0.01
Successful Appeals	0	0	0

**Table 156:** Service Statistics for Procurement Division

### d) Details of Deviations for Procurement Services

Type of deviation	Value of deviations (R)	Percentage of total deviations value (%)	Value of deviations (R)	Percentage of total deviations value (%)
	2013/14		2014/15	
Clause 36(1)(a)(i)- Emergency	167 618	10.72	249 739	12.85%
Clause 36(1)(a)(ii)- Sole Supplier	721 873	46.16	902 478	46.42%
Clause 36(1)(a)(v)- Impractical / impossible	674 373	43.12	791 927	40.73%
<b>Total</b>	<b>1 563 864</b>	<b>100</b>	<b>1 944 144</b>	<b>100</b>

**Table 157:** Statistics of deviations from the SCM Policy



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### 3.11 COMPONENT I: SERVICE DELIVERY PRIORITIES FOR 2015/16

The main development and service delivery priorities for 2015/16 forms part of the Municipality's top layer SDBIP for 2015/16 and are indicated in the table below as per Strategic Objective:

#### 3.11.1 To create a capacitated, people-centered institution

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL11	The number of people from employment equity target groups employed in the three highest levels of management in compliance with the equity plan	Number of people employed	All	1
TL12	The percentage of the municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2016 [(Actual amount spent on training/total operational budget)x100]	(Actual amount spent on training/total operational budget)x100	All	0.10%
TL20	Limit quarterly vacancy rate to less than 30% of funded posts [(Number of funded posts vacant / number of funded posts) x100]	(Number of funded posts vacant / Number of funded posts) x100	All	30%

**Table 158.:**Service Delivery Priorities for 2015/16 – Strategic objective 1

#### 3.11.2 To create a safe and healthy living environment

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL47	Review the Disaster Management Plan and submit to council by 31 January 2016	Disaster Management Plan reviewed and submitted to council by 31 January 2016	All	1
TL48	Develop a Disaster Management Emergency Policy and submit to council 30 June 2016	Disaster Management Emergency Policy developed and submitted to council by 30 June 2016	All	1

**Table 159.:**Services Delivery Priorities for 2015/16–Strategic objective 2

#### 3.11.3 To develop integrated and sustainable settlements with the view to correct spatial imbalances

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL43	Construct top structures for 36 units (UISP) in Railton by 31 December 2015	Number of top structures constructed by 31 December 2015	5	36
TL44	Construct top structures for 115 units (IRDP) in Railton 31 December 2015	Number of top structures constructed by 31 December 2015	5	115
TL45	Construct top structures for 75 units (IRDP) in Buffeljagsriver 31 December 2015	Number of top structures constructed by 31 December 2015	3	75
TL46	Construct Suurbraak library hall by 30 June 2016	Suurbraak library hall constructed by 30 June 2016	3	1

**Table 160.:**Services Delivery Priorities for 2015/16–Strategic objective 3



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### 3.11.4 To enhance access to basic services and address maintenance backlogs

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL1	Number of formal residential properties that receive piped water that is connected to the municipal water infrastructure network as at 30 June 2016	Number of residential properties which are billed for water or have pre-paid meters as at 30 June 2016	All	6,409
TL2	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) as at 30 June 2016	Number of residential properties which are billed for electricity or have pre-paid meters (Excluding Eskom areas) as at 30 June 2016	All	6,076
TL3	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2016	Number of residential properties which are billed for sewerage as at 30 June 2016	All	5,749
TL4	Number of formal residential properties for which refuse is removed once per week as at 30 June 2016	Number of residential properties which are billed for refuse removal as at 30 June 2016	All	6,027
TL5	Provide 6kl free basic water to indigent households in terms of the approved indigent policy	Number of indigent households receiving free basic water	All	1,700
TL6	Provide 50kwh free basic electricity to indigent households in terms of the approved indigent policy	Number of indigent households receiving free basic electricity	All	1,700
TL7	Provide free basic sanitation to indigent households in terms of the approved indigent policy	Number of indigent households receiving free basic sanitation	All	1,700
TL8	Provide free basic refuse removal to indigent households in terms of the approved indigent policy	Number of indigent households receiving free basic refuse removal	All	1,700
TL9	The percentage of a municipality's capital budget actually spent by 30 June 2016 [(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100]	(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100	All	80%
TL26	Limit unaccounted for water to less than 35% by 30 June 2016 {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified × 100}	% unaccounted for water by 30 June 2016	All	35%
TL27	Limit unaccounted for electricity to less than 25% by 30 June 2016 {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated) × 100}	% unaccounted for electricity by 30 June 2016	All	25%
TL29	90% of the roads and storm water maintenance budget spent by 30 June 2016 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	(Actual expenditure on maintenance divided by the total approved maintenance budget)x100	All	90%
TL30	90% of the waste water maintenance budget spent by 30 June 2016 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	(Actual expenditure on maintenance divided by the total approved maintenance budget)x100	All	90%



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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL31	90% of the water maintenance budget spent by 30 June 2016 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	(Actual expenditure on maintenance divided by the total approved maintenance budget)x100	All	90%
TL32	90% of the electricity maintenance budget spent by 30 June 2016 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	(Actual expenditure on maintenance divided by the total approved maintenance budget)x100	All	90%
TL33	90% of the waste management maintenance budget spent by 30 June 2016 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent (Actual expenditure on maintenance divided by the total approved maintenance budget)x100	All	90%
TL34	85% microbiological quality level achieved for water as per SANS 241	% microbiological water quality level achieved as per SANS 241 criteria	All	85%
TL35	85% physical quality level achieved for water as per SANS 241	% physical water quality level achieved as per SANS 241 criteria	All	85%
TL36	Complete Phase 1 of Rialton, Smartie Town roads by 30 June 2016	Phase 1 of Rialton, Smartie Town roads completed by 30 June 2016	5	1
TL37	100% of approved project budget spent on Phase 1 of Rialton Bulk storm water by 30 June 2016	% approved budget spend by 30 June 2016	5	100%
TL38	100% of approved project budget spend for the Completion of Phase 1 of Water Demand Management (ACIP) by 31 March 2016	% approved budget spend by 31 March 2016	All	100%
TL39	Complete Buffeljagsrivier Reservoir by 30 June 2016	Buffeljagsrivier Reservoir completed by 30 June 2016	3	1
TL40	Complete Phase 1 of Barrydale, Smitsville bulk water supply by 30 June 2016	Phase 1 of Barrydale, Smitsville bulk water supply completed by 30 June 2016	3	1
TL41	Complete phase 1 of the upgrade of Rialton Sports Facility by 30 June 2016	Phase 1 of the upgrade of Rialton Sports Facility completed by 30 June 2016	5	1
TL42	Complete electrical meter audit by 31 March 2016	Electrical meter audit completed by 31 March 2016	All	1

**Table 161.1: Services Delivery Priorities for 2015/16 - Strategic objective 4**

### 3.11.5 To enhance economic development with focus on both first and second economies

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL10	Create temporary jobs - FTE's in terms of EPWP by 30 June 2016 (Person days divided by FTE (230 days))	Number of FTE's created by 30 June 2016	All	32

**Table 162.1: Services Delivery Priorities for 2015/16 - Strategic objective 5**



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### 3.11.6 To improve financial viability and management

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL13	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2016	Debt to Revenue as at 30 June 2016 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant	All	25.3
TL14	Financial viability measured in terms of the outstanding service debtors as at 30 June 2016	Service debtors to revenue as at 30 June 2016 – (Total outstanding service debtors/ revenue received for services)	All	18%
TL15	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2016	Cost coverage as at 30 June 2016 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)).	All	1.8
TL18	Approve an action plan to address all the issues raised in the management letter of the Auditor General by 31 January 2016	Approved action plan by 31 January 2016 by MM	All	1
TL28	Achieve a debtors payment percentage of 95% by 30 June 2016	((Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue) x 100	All	95%

Table 163.: Service Delivery Priorities for 2015/16 - Strategic objective 6

### 3.11.7 To promote good governance and community participation

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL16	Compile the Risk Based Audit Plan (RBAP) and submit to the Audit Committee by 30 June 2016	RBAP submitted to the Audit Committee by 30 June 2016	All	1
TL17	90% of the RBAP for 2015/16 implemented by end June 2016 [(Number of audits and tasks completed for the period/ Number of audits and tasks identified in the RBAP )x100]	(Number of audits and tasks completed for the period/ Number of audits and tasks identified in the RBAP to complete for the period)x100	All	90%
TL19	Compile external newsletters for distribution	Number of external newsletter compiled and distributed	All	4
TL21	Compile the draft annual report i.t.o. the MFMA and submit to Council by 31 January 2016	Draft report submitted to Council by 31 January 2016	All	1
TL22	Review and publish the Liqueur trading hours By-law by 30 June 2016	Liqueur trading hours By-law reviewed and published by 30 June 2016	All	1





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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL23	Develop and publish a By-Law on pounds by 31 December 2015	By-Law on pounds developed and published by 31 December 2015	All	1
TL24	Complete the annual risk assessment and submit to the audit committee by 30 June 2016	Completed risk assessment submitted to audit committee by 30 June 2016	All	1
TL25	Promulgate the Access to Information Manual by 30 June 2016	Access to Information Manual promulgated by 30 June 2016	All	1

**Table 164.1:** Service Delivery Priorities for 2015/16 - Strategic objective 7

# Chapter 4





## Chapter 4: Organisational Development Performance

### CHAPTER 4

#### 4.1 National Key Performance Indicators – Municipal Transformation and Organisational Development

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2013/14	2014/15
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	0.14%	0.46%

**Table 165:** National KPIs – Municipal Transformation and Organisational Development

#### 4.2 Introduction to the Municipal Workforce

The municipality currently employs 254 (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

##### 4.2.1 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"





## Chapter 4: Organisational Development Performance

### a) *Employment Equity vs. Population*

Description	African	Coloured	Indian	White	Total
Population numbers	4 455	24 716	113	6 239	35 523
% Population	12.54	69.58	0.32	17.56	100
Number for positions filled	24	202	0	28	254
% for Positions filled	9.45	79.53	0	11.02	100

Table 166.:EE population 2014/15

### b) *Specific Occupational Categories - Race*

The table below indicates the number of employees by race within the specific occupational categories:

Occupational Levels	Race				Total
	A	C	I	W	
Legislators, senior officials and managers	0	10	0	8	18
Professionals	1	6	0	3	10
Technicians and associate professionals	0	2	0	4	6
Clerks	3	50	0	11	64
Service and sales workers	2	12	0	0	14
Craft and related trades workers	0	22	0	2	24
Plant and machine operators and assemblers	4	16	0	0	20
Elementary occupations	14	83	0	1	98
<b>Total</b>	<b>24</b>	<b>201</b>	<b>0</b>	<b>29</b>	<b>254</b>

Table 167.:Occupational Categories

### c) *Specific Occupational Levels - Race*

The table below categories the number of employees by race within the occupational levels:

Occupational Levels	Race				Total
	A	C	I	W	
Top Management	0	2	0	3	5
Senior management	0	5	0	4	9
Professionally qualified and experienced specialists and mid- management	0	12	0	6	18
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	4	43	0	9	56
Semi-skilled and discretionary decision making	9	77	0	5	91
Unskilled and defined decision making	11	63	0	1	75



## Chapter 4: Organisational Development Performance

Occupational Levels	Race				Total
	A	C	I	W	
Total	24	202	0	28	254

Table 168.:Occupational Levels

### d) Departments - Race

The following table categories the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Manager	1	3	0	1	0	3	0	1	9
Corporate Services	0	3	0	5	2	11	0	2	23
Financial Services	2	14	0	3	0	13	0	4	36
Community Services	11	54	0	2	2	26	0	4	99
Engineering Services	6	72	0	5	0	3	0	1	87
Total	20	146	0	16	4	56	0	12	254

Table 169.:Department - Race

### 4.2.2 Vacancy Rate

The approved organogram for the municipality had 381 posts for the 2014/15 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. 127 Posts were vacant at the end of 2014/15, resulting in a vacancy rate of 33.3%.

Below is a table that indicates the vacancies (as per organogram) within the municipality:

Per Post Level		
Post level	Filled	Vacant
MM & MSA section 57 & 56	5	0
T19 - T13	15	4
T12 – T4	145	84
T3 – T1	45	35
Personal-to-incumbent	44	4
Total	254	127
Per Functional Level		
Functional area	Filled	Vacant
Municipal Manager	9	5
Corporate Services	23	14
Financial Services	36	15



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Per Post Level		
Post level	Filled	Vacant
Community Services	99	32
Engineering Services	87	61
<b>Total</b>	<b>254</b>	<b>127</b>

**Table 170.:** Vacancy rate per post and functional level

The table below indicates the number of staff per level expressed as total positions and current vacancies express as full time staff equivalents:

Salary Level	Number of current critical vacancies	Vacancy job title
Municipal Manager	0	n/a
Chief Financial Officer	0	n/a
Other Section 57 Managers	0	n/a
Senior / Middle Management (T14-T19)	4	Manager : Development Services Manager : Revenue Manager : Corporate Services Town Planner
Highly skilled supervision (T4-T13)	4	Accountant : SCM Senior Electrician Supervisor : Parks (Barrydale) Superintendent : Technical Services (Barrydale)

**Table 171.:** Vacancy rate per salary level

### 4.3 Managing the Municipal Workforce

Managing the municipal workforce refers to analyzing and coordinating employee behavior.

#### 4.3.1 Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The injury rate shows a slight increase for the 2014/15 financial year to 52 employees injured against 50 employees in the 2013/14 financial year.

The table below indicates the total number of injuries within the different directorates:

Directorates	2013/14	2014/15
Municipal Manager	0	0
Corporate Services	0	0





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Directorates	2013/14	2014/15
Financial Services	5	0
Community Services	14	17
Engineering Services	22	17
Contract personnel : EPWP	9	18
<b>Total</b>	<b>50</b>	<b>52</b>

Table 172.: Injuries

### 4.3.2 Sick Leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The total number of employees that have taken sick leave during the 2014/15 financial year shows a decrease when comparing it with the 2013/14 financial year.

The table below indicates the total number sick leave days taken within the different directorates:

Department	2013/14	2014/15
Municipal Manager	41	76
Corporate Services	232	127
Financial Services	253	355
Community Services	639	697
Engineering Services	820	545
<b>Total</b>	<b>1 985</b>	<b>1 800</b>

Table 173.: Sick Leave

## 4.4 Capacitating the Municipal Workforce

Section 68(1) of the MSA states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).



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### 4.4.1 Skills Matrix

The table below indicates the number of employees that received training (skills programs, short courses, etc.) in the year under review:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	0	2	0	1	0	2	0	0	5
Professionals	0	2	0	5	0	3	0	4	14
Technicians and associate professionals	0	2	0	0	0	0	0	0	2
Clerks	1	6	0	0	1	15	0	1	24
Service and sales workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	21	0	0	0	1	0	0	22
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	2	17	0	0	2	2	0	0	23
<b>Total</b>	<b>3</b>	<b>50</b>	<b>0</b>	<b>6</b>	<b>3</b>	<b>23</b>	<b>0</b>	<b>5</b>	<b>90</b>

Table 174.: Skills Matrix

### 4.4.2 Skills Development - Budget allocation

The table below indicates that a total amount of R208 700 were allocated to the workplace skills plan and that 22.6% of the total amount was spent in the 2013/14 financial year:

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
2013/14	R56 237 000	R208 700	R47 210	22.6
2014/15	R63 809 000	R221 600	R87 922	39.7

Table 175.: Budget allocated and spent for skills development

### 4.4.3 Municipal Minimum Competency Course Status

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 as per Government Notice



## Chapter 4: Organisational Development Performance

No. 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations.”

Swellendam Municipality must send officials on the Municipal Minimum Competency (MMC) course in terms of National Treasury Regulations. The MMC -training course consists of 15 modules for most candidates and the status of the process at the end of the financial year 2013 is as follows:

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>				
Accounting officer	1	0	1	0
Chief financial officer	1	0	1	0
Senior managers	3	0	3	0
Any other financial officials	22	0	22	0
<b>Supply Chain Management Officials</b>				
Heads of supply chain management units	1	0	1	0
Supply chain management senior managers	0	0	0	0
<b>Total</b>	<b>28</b>	<b>0</b>	<b>28</b>	<b>0</b>

Table 176.: MMC Course Status

### 4.5 Managing the Municipal Workforce Expenditure

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

#### 4.5.1 Personnel Expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years and that the municipality is well within the national norm of between 35 to 40%:



## Chapter 4: Organisational Development Performance

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure	Percentage
	R'000	R'000	
2013/14	59 074	197 419	30
2014/15	64 986	208 231	31.2

**Table 177.: Personnel Expenditure**

Below is a summary of Councilor and staff benefits for the year under review:

Financial year	2013/14	2014/15		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R	R	R	R
<b>Councillors (Political Office Bearers plus Other)</b>				
All inclusive package	3 298 424	3 526 000	3 526 000	3 398 789
<b>Sub Total</b>	<b>3 298 424</b>	<b>3 526 000</b>	<b>3 526 000</b>	<b>3 398 789</b>
% increase/ (decrease)	(2.22)	6.9	0	(3.61)
<b>Senior Managers of the Municipality</b>				
Basic Salaries	3 062 733	5 037 341	5 037 341	3 887 629
Pension Contributions	353 991	0	0	492 492
Medical Aid Contributions	52 895	0	0	86 308
Motor vehicle allowance	272 272	0	0	397 192
Cell phone allowance	15 976	0	0	48 800
Housing allowance	0	0	0	0
Performance Bonus	0	0	0	0
Other benefits or allowances	0	0	0	49 106
In-kind benefits	0	0	0	54 576
<b>Sub Total</b>	<b>3 757 867</b>	<b>5 037 341</b>	<b>5 037 341</b>	<b>5 016 103</b>
% increase/ decrease	(12.86)	34.05	0	(0.42)
<b>Other Municipal Staff</b>				
Basic Salaries and Wages	32 436 627	37 335 000	34 862 140	32 294 066
Pension Contributions	5 308 286	6 953 000	6 468 819	5 281 662
Medical Aid Contributions	2 611 706	4 531 000	4 797 297	2 859 710
Motor vehicle allowance	3 628 200	2 607 000	2 411 824	2 243 597
Cell phone allowance	0	0	0	31 390
Housing allowance	212 658	450 000	340 069	242 512
Overtime	2 502 054	1 925 000	2 617 040	2 571 392
Other benefits or allowances	5 318 959	7 990 000	7 274 220	5 579 560



## Chapter 4: Organisational Development Performance

Financial year	2013/14	2014/15		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R	R	R	R
Sub Total	52 018 490	61 791 000	58 771 409	51 103 889
% increase/ decrease	(2.13)	18.79	(4.89)	(13.05)
Total Municipality	59 074 781	70 354 341	67 334 750	59 518 781
% increase/ decrease	(3.30)	19.09	(4.29)	(11.61)

**Table 178.: Personnel Expenditure**

The variance between the above table and the notes of the Annual Financial Statements amounts to R5 467 659.00

This value consist out of the following:

- ✚ Acting allowances
- ✚ Performance Bonus
- ✚ Finance Charges Medical
- ✚ Severance Package
- ✚ Provision for Leave
- ✚ Temporary Personnel
- ✚ Provision for Bonus



# Chapter 5







## Chapter 5: Financial Performance

### CHAPTER 5

This chapter provides details regarding the financial performance of the municipality for the 2014/15 financial year.

#### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

#### 5.1 Financial Summary

The table below indicates the summary of the financial performance for the 2014/15 financial year:

Financial Summary						
R'000						
Description	2013/14	2014/15			2014/15 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Financial Performance						
Property rates	25 223	30 262	30 262	26 409	-14.59	-14.59
Service charges	77 259	95 851	88 232	81 728	-17.28	-7.96
Investment revenue	662	450	850	1 540	70.79	44.82
Transfers recognised - operational	47 832	49 964	61 538	61 560	18.84	0.04
Other own revenue	41 170	8 689	26 911	31 185	72.14	13.71
Total Revenue (excluding capital transfers and contributions)	192 147	185 216	207 792	202 422	8.50	-2.65
Employee costs	55 776	67 028	63 809	61 588	-8.83	-3.61
Remuneration of councilors	3 298	3 526	3 526	3 399	-3.74	-3.74
Depreciation & asset impairment	26 352	8 944	8 874	11 031	18.92	19.56
Finance charges	6 006	6 136	5 663	8 377	26.75	32.40
Materials and bulk purchases	36 751	43 366	43 287	40 391	-7.37	-7.17
Transfers & grants	1 495	1 690	1 390	1 390	-21.58	0.00
Other expenditure	67 742	64 989	94 721	82 055	20.80	-15.44
Total Expenditure	197 419	195 679	221 270	208 231	6.03	-6.26
Surplus/(Deficit)	(5 272)	(10 463)	(13 477)	(5 809)	-80.13	-132.02
Transfers recognised - capital	23 805	11 016	28 376	21 756	49.37	-30.43
Contributions recognised - capital & contributed assets	0	0	0	0	0	0
Surplus/(Deficit) after capital transfers & contributions	18 533	553	14 899	15 947	96.53	6.57
Capital expenditure & funds sources						



## Chapter 5: Financial Performance

Financial Summary						
R'000						
Description	2013/14	2014/15			2014/15 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Capital expenditure						
Transfers recognised - capital	23 805	11 016	28 377	21 756	49.37	-30.43
Public contributions & donations	0	0	0	0	0	0
Borrowing	0	7 746	6 596	236	-3182.09	-2694.83
Internally generated funds	2 468	0	0	0	0	0
Total sources of capital funds	26 273	18 762	34 973	21 992	14.69	-59.03
Financial position						
Total current assets	36 644	32 404	47 730	66 127	51.00	27.82
Total non-current assets	253 726	288 446	278 577	266 533	-8.22	-4.52
Total current liabilities	28 298	40 643	27 568	44 284	8.22	37.75
Total non-current liabilities	62 084	67 322	90 666	72 727	7.43	-24.67
Community wealth/Equity	199 989	212 884	208 073	215 649	1.28	3.51
Cash flows						
Net cash from (used) operating	19 865	10 525	28 414	50 897	79.32	44.17
Net cash from (used) investing	(21 218)	(18 690)	(33 818)	(21 051)	11.21	-60.65
Net cash from (used) financing	(1 740)	5 688	4 851	4 893	-16.25	0.85
Cash/cash equivalents at the year end	(3 093)	(2 477)	(553)	34 739	107.13	101.59
Cash backing/surplus reconciliation						
Cash and investments available	1 927	4 745	1 374	36 666	87.06	96.25
Application of cash & investments	5 467	30 556	9 567	0	0	0
Balance - surplus (shortfall)	7 394	35 301	10 941	36 666	3.72	70.16
Asset management						
Asset register summary (WDV)	230 308	284 635	294 803	242 024	-17.61	-21.81
Depreciation & asset impairment	26 352	8 944	8 874	11 031	18.92	19.56
Renewal of Existing Assets	0	1 650	1 650	0	0	0
Repairs & Maintenance	10 464	14 083	13 907	11 773	-19.62	-18.13
Free services						
Cost of Free Basic Services provided	0	7 284	8 434	0	0	0
Revenue cost of free services provided	0	14 601	14 601	0	0	0
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

*Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.*

**Table 179.: Financial Performance 2014/15**



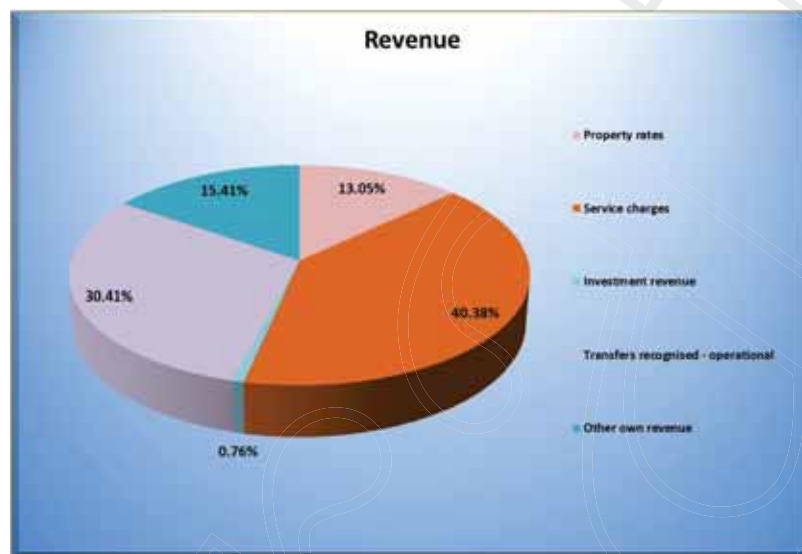
## Chapter 5: Financial Performance

The table below shows a summary of performance against budgets:

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Difference	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2013/14	183 266	192 147	8 881	5	191 367	197 419	(6 052)	-3
2014/15	207 792	202 422	(5 370)	-3	221 190	208 231	12 959	6

**Table 180.: Performance against budgets**

The following graph indicates the various types of revenue items in the municipal budget for 2014/15



**Graph 9.: Revenue**

The following graph indicates the various types of expenditure items in the municipal budget for 2014/15



**Graph 10.: Operating expenditure**



## Chapter 5: Financial Performance

### 5.1.1 Revenue collection by Vote

The table below indicates the Revenue collection performance by Vote:

Vote Description	2013/14	2014/15			2014/15 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Vote 1 - Office of the Municipal Manager	161	114	993	530	78.48	-87.46
Vote 2 - Corporate Services	50 433	52 005	53 306	54 304	4.23	1.84
Vote 3 - Finance Service	5 516	4 493	5 450	5 801	22.54	6.06
Vote 4 - Engineers Service	97 256	101 011	110 743	96 279	-4.91	-15.02
Vote 5 - Community Service	62 586	38 690	65 678	67 264	42.48	2.36
<b>Total Revenue by Vote</b>	<b>215 952</b>	<b>196 312</b>	<b>236 169</b>	<b>224 178</b>	<b>12.43</b>	<b>-5.35</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

**Table 181.1: Revenue by Vote**

### 5.1.2 Revenue Collection by Source

The table below indicates the revenue collection performance by source for the 2014/15 financial year:

Description	2013/14		2014/15		2014/15 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Property rates	25 223	30 262	30 262	26 409	-14.59	-14.59
Property rates - penalties & collection charges	0	0	0	0	0	0
Service Charges - electricity revenue	50 550	63 423	57 631	51 632	-22.84	-11.62
Service Charges - water revenue	9 364	10 985	10 152	10 577	-3.86	4.02
Service Charges - sanitation revenue	11 210	13 812	12 821	11 976	-15.33	-7.06
Service Charges - refuse revenue	6 116	7 621	7 617	7 537	-1.12	-1.07
Service Charges - other	19	10	10	6	-58.57	-58.57
Rentals of facilities and equipment	1 215	912	1 039	1 217	25.12	14.62
Interest earned - external investments	662	450	850	1 540	70.79	44.82
Interest earned - outstanding debtors	636	1 300	1 100	1 091	-19.21	-0.87
Dividends received	0	0	0	0	0	0
Fines	15 303	3 269	19 864	19 656	83.37	-1.06
Licences and permits	0	0	0	0	0	0
Agency services	2 490	2 185	2 582	2 532	13.71	-1.97
Transfers recognised - operational	47 832	49 964	61 538	61 560	18.84	0.04



## Chapter 5: Financial Performance

Description	2013/14		2014/15		2014/15 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Other revenue	21 506	1 104	1 220	6 430	82.83	81.02
Gains on disposal of PPE	20	0	1 105	259	100.00	-325.81
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>192 147</b>	<b>185 296</b>	<b>207 792</b>	<b>202 422</b>	<b>8.46</b>	<b>-2.65</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

**Table 182.: Revenue by Source**

### 5.1.3 Operational Services Performance

The table below indicates the Operational services performance for the 2014/15 financial year:

Financial Performance of Operational Services						
Description	2013/14	2014/15			2014/15 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Operating Cost						
	R'000				%	
Water	536	(42)	(407)	1 915	102.22	121.26
Waste Water (Sanitation)	9 552	7 344	7 015	6 081	-20.78	-15.37
Electricity	7 677	6 497	1 275	2 660	-144.20	52.06
Waste Management	17 681	1 792	2 068	(1 562)	214.73	232.44
Engineering	0	0	0	0	0	0
<b>Component A: sub-total</b>	<b>35 446</b>	<b>15 590</b>	<b>9 952</b>	<b>9 094</b>	<b>-71.43</b>	<b>-9.43</b>
Roads & Stormwater	3 117	(5 739)	11 769	4 694	222.26	-150.71
Transport	0	0	0	0	0	0
<b>Component B: sub-total</b>	<b>3 117</b>	<b>(5 739)</b>	<b>11 769</b>	<b>4 694</b>	<b>222.26</b>	<b>-150.71</b>
Planning	(1 047)	(1 764)	(1 721)	(1 126)	-56.74	-52.92
Local Economic Development	(354)	(58)	(58)	(7)	-674.26	-674.26
<b>Component C: sub-total</b>	<b>(1 400)</b>	<b>(1 822)</b>	<b>(1 779)</b>	<b>(1 133)</b>	<b>-60.79</b>	<b>-56.99</b>
Libraries	692	385	826	686	43.93	-20.48
Social services & community development	(9 019)	(10 561)	(10 096)	(8 698)	-21.42	-16.08
<b>Component D: sub-total</b>	<b>(8 327)</b>	<b>(10 177)</b>	<b>(9 270)</b>	<b>(8 012)</b>	<b>-27.01</b>	<b>-15.70</b>
Environmental Protection (Pollution Control, Bio-Diversity, Landscape, Open Spaces, Parks, And Coastal Protection)	0	0	0	0	0	0
<b>Component E: sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Chapter 5: Financial Performance

Financial Performance of Operational Services						
Description	2013/14	2014/15			2014/15 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Operating Cost						
	R'000				%	
Traffic & licensing	2 288	(2 116)	246	4 639	145.62	94.71
Fire Services & Disaster Management	0	0	0	0	0	0
<b>Component F: sub-total</b>	<b>2 288</b>	<b>(2 116)</b>	<b>246</b>	<b>4 639</b>	<b>145.62</b>	<b>94.71</b>
Holiday Resorts & Campsites	(86)	(671)	(598)	(556)	-20.80	-7.59
Swimming Pools, Stadiums & Sport Ground	(232)	(198)	(197)	(130)	-52.17	-51.71
Community halls, facilities, Thusong centres	(611)	(851)	(511)	(397)	-114.25	-28.74
<b>Component G: sub-total</b>	<b>(928)</b>	<b>(1 720)</b>	<b>(1 306)</b>	<b>(1 083)</b>	<b>-58.84</b>	<b>-20.64</b>
Financial Services	(15 813)	(15 336)	(17 148)	(15 610)	1.75	-9.85
Office of the MM	(7 013)	(7 223)	(6 226)	(5 736)	-25.92	-8.53
Administration	11 165	29 096	28 663	29 094	-0.01	1.48
HR	0	0	0	0	0	0
<b>Component H: sub-total</b>	<b>(11 662)</b>	<b>6 537</b>	<b>5 289</b>	<b>7 748</b>	<b>15.63</b>	<b>31.73</b>
<b>Total Expenditure</b>	<b>18 533</b>	<b>553</b>	<b>14 900</b>	<b>15 947</b>	<b>96.53</b>	<b>6.57</b>
<i>In this table operational income (but not levies or tariffs) is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are calculated by dividing the difference between actual and original/adjusted budget by the actual.</i>						

Table 183: Operational Services Performance

## 5.2 Financial Performance per Municipal Function

### 5.2.1 Water Services

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue</b>	<b>9 390</b>	<b>10 997</b>	<b>10 164</b>	<b>10 601</b>	<b>-3.73</b>
Expenditure:					
Employees	4 443	5 853	5 315	4 782	-22.41
Repairs & Maintenance	673	864	1 011	779	-10.85
Other	3 737	4 323	4 246	3 126	-38.29
<b>Total Operational Expenditure</b>	<b>8 853</b>	<b>11 039</b>	<b>10 571</b>	<b>8 687</b>	<b>-27.09</b>
<b>Net Operational (Service) Expenditure</b>	<b>536</b>	<b>(42)</b>	<b>(407)</b>	<b>1 915</b>	<b>102.22</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 184: Financial Performance: Water services





## Chapter 5: Financial Performance

### 5.2.2 Waste Water (Sanitation)

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	13 860	13 812	12 821	11 978	-15.31
Expenditure:					
Employees	2 442	4 207	3 508	3 114	-35.10
Repairs & Maintenance	775	850	923	779	-9.07
Other	1 092	1 410	1 375	2 004	29.61
Total Operational Expenditure	4 309	6 467	5 806	5 897	-9.67
Net Operational (Service) Expenditure	9 552	7 344	7 015	6 081	-20.78

Variances are calculated by dividing the difference between the actual and original budget by the actual.

**Table 185.: Financial Performance: Waste Water (Sanitation) services**

### 5.2.3 Electricity

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	51 656	63 458	57 678	51 689	-22.77
Expenditure:					
Employees	4 154	5 002	4 391	4 188	-19.43
Repairs & Maintenance	951	3 469	3 497	3 150	-10.12
Other	38 874	48 491	48 515	41 691	-16.31
Total Operational Expenditure	43 980	56 961	56 403	49 029	-16.18
Net Operational (Service) Expenditure	7 677	6 497	1 275	2 660	-144.20

Variances are calculated by dividing the difference between the actual and original budget by the actual.

**Table 186.: Financial Performance: Electricity**



## Chapter 5: Financial Performance

### 5.2.4 Waste Management

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	22 241	7 621	7 617	7 537	-1.12
Expenditure:					
Employees	2 043	1 951	1 966	2 019	3.36
Repairs & Maintenance	557	348	598	510	31.74
Other	1 959	3 530	2 985	6 570	46.27
Total Operational Expenditure	4 559	5 829	5 549	9 099	35.93
Net Operational (Service) Expenditure	17 681	1 792	2 068	(1 562)	214.73

Variances are calculated by dividing the difference between the actual and original budget by the actual.

**Table 187.: Financial Performance: Waste Management**

### 5.2.5 Roads and Stormwater

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	19 727	12 744	30 079	22 011	42.10
Expenditure:					
Employees	6 875	8 107	7 838	8 468	4.26
Repairs & Maintenance	2 496	2 541	2 714	2 487	-2.17
Other	7 239	7 835	7 759	6 362	-23.15
Total Operational Expenditure	16 610	18 483	18 311	17 317	-6.74
Net Operational (Service) Expenditure	3 117	(5 739)	11 769	4 694	222.26

Variances are calculated by dividing the difference between the actual and original budget by the actual.

**Table 188.: Financial Performance: Roads and Stormwater**



## Chapter 5: Financial Performance

### 5.2.6 LED

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees	342	0	0	0	0
Repairs & Maintenance	0	1	1	0	0
Other	11	57	57	7	-660.81
Total Operational Expenditure	354	58	58	7	674.26
Net Operational (Service) Expenditure	(354)	(58)	(58)	(7)	674.26

Variances are calculated by dividing the difference between the actual and original budget by the actual.

Table 189.:Financial Performance: LED

### 5.2.7 Planning (Development Management, Spatial Planning and Environmental Management, Building Control and Property Management)

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	718	717	710	754	4.85
Expenditure:					
Employees	1 463	1 892	1 867	1 690	-11.97
Repairs & Maintenance	208	8	8	0	-3599.25
Other	93	581	556	189	-207.36
Total Operational Expenditure	1 765	2 481	2 431	1 879	-32.04
Net Operational (Service) Expenditure	(1 047)	(1 764)	(1 721)	(1 126)	-56.74

Variances are calculated by dividing the difference between the actual and original budget by the actual.

Table 190.:Financial Performance: Planning



## Chapter 5: Financial Performance

### 5.2.8 Libraries

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	4 176	3 911	4 353	4 264	8.28
Expenditure:					
Employees	2 402	2 577	2 577	2 946	12.53
Repairs & Maintenance	507	350	340	182	-92.02
Other	574	599	610	450	-33.18
Total Operational Expenditure	3 483	3 526	3 526	3 578	1.45
Net Operational (Service) Expenditure	692	385	826	686	43.93

*Variances are calculated by dividing the difference between the actual and original budget by the actual.*

**Table 191.: Financial Performance: Libraries**

### 5.2.9 Social Services & Community Development

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	17 487	21 081	30 361	32 417	34.97
Expenditure:					
Employees	6 018	7 699	7 223	6 636	-16.03
Repairs & Maintenance	2 146	1 703	1 799	1 269	-34.15
Other	18 342	22 240	31 436	33 209	33.03
Total Operational Expenditure	26 506	31 643	40 458	41 115	23.04
Net Operational (Service) Expenditure	(9 019)	(10 561)	(10 096)	(8 698)	-21.42

*Variances are calculated by dividing the difference between the actual and original budget by the actual.*

**Table 192.: Financial Performance: Social Services & Community Development**



## Chapter 5: Financial Performance

### 5.2.10 Traffic Services and Law Enforcement

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	17 771	5 435	22 422	22 163	75.48
Expenditure:					
Employees	5 001	5 598	5 263	4 744	-18.01
Repairs & Maintenance	278	248	293	266	6.70
Other	10 204	1 705	16 620	12 514	86.37
Total Operational Expenditure	15 483	7 551	22 176	17 524	56.91
Net Operational (Service) Expenditure	2 288	(2 116)	246	4 639	145.62

*Variances are calculated by dividing the difference between the actual and original budget by the actual.*

**Table 193.: Financial Performance: Traffic Services and Law Enforcement**

### 5.2.11 Holiday Resorts and Campsites

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	662	551	599	638	13.59
Expenditure:					
Employees	545	730	644	588	-24.09
Repairs & Maintenance	59	282	282	439	35.70
Other	144	211	270	167	-26.26
Total Operational Expenditure	748	1 223	1 197	1 194	-2.43
Net Operational (Service) Expenditure	(86)	(671)	(598)	(556)	-20.80

*Variances are calculated by dividing the difference between the actual and original budget by the actual.*

**Table 194.: Financial Performance: Holiday resorts and campsites**



## Chapter 5: Financial Performance

### 5.2.12 Swimming Pools and Sport Grounds

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	4	2	3	4	38.37
Expenditure:					
Employees	0	0	0	0	0
Repairs & Maintenance	221	186	186	110	-69.40
Other	14	14	14	24	41.54
Total Operational Expenditure	236	200	200	134	-49.54
Net Operational (Service) Expenditure	(232)	(198)	(197)	(130)	-52.17
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Table 195.: Financial Performance: Swimming Pools and Sport Grounds

### 5.2.13 Community Facilities and Thusong Centres

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	317	162	510	474	65.80
Expenditure:					
Employees	693	678	686	627	-8.11
Repairs & Maintenance	126	217	217	131	-65.96
Other	108	119	118	113	-4.55
Total Operational Expenditure	928	1 013	1 021	871	-16.33
Net Operational (Service) Expenditure	(611)	(851)	(511)	(397)	-114.25
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Table 196.: Financial Performance: Community Facilities and Thusong Centres





## Chapter 5: Financial Performance

### 5.2.14 Office of the MM

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	161	114	993	530	78.48
Expenditure:					
Employees	3 843	3 565	3 402	2 940	-21.29
Repairs & Maintenance	81	107	103	73	-46.34
Other	3 250	3 666	3 714	3 254	-12.66
Total Operational Expenditure	7 175	7 337	7 219	6 266	-17.10
Net Operational (Service) Expenditure	(7 013)	(7 223)	(6 226)	(5 736)	-25.92
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

**Table 197.: Financial Performance: Office of the MM**

### 5.2.15 Administration

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	49 643	51 213	52 409	53 319	3.95
Expenditure:					
Employees	5 290	9 055	8 906	8 598	-5.31
Repairs & Maintenance	517	918	900	666	-37.74
Other	32 671	12 145	13 940	14 960	18.82
Total Operational Expenditure	38 478	22 117	23 746	24 224	8.70
Net Operational (Service) Expenditure	11 165	29 096	28 663	29 094	-0.01
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

**Table 198.: Financial Performance: Administration**



## Chapter 5: Financial Performance

### 5.2.16 Financial Services

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	5 516	4 493	5 450	5 801	22.54
Expenditure:					
Employees	8 537	10 114	10 221	10 249	1.32
Repairs and Maintenance	869	1 024	1 038	932	-9.79
Other	11 924	8 692	11 339	10 230	15.03
Total Operational Expenditure	21 329	19 830	22 598	21 411	7.39
Net Operational (Service) Expenditure	(15 813)	(15 336)	(17 148)	(15 610)	1.75

Variances are calculated by dividing the difference between the actual and original budget by the actual.

Table 199.1: Financial Performance: Financial Services

## 5.3 Grants

### 5.3.1 Grant Performance

The performance in the spending of these grants is summarised as follows:

Description	2013/14	2014/15			2014/15 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Operating Transfers and Grants						
National Government:	23 699	25 758	25 758	24 413	-5.51	-5.51
Equitable Share	19 857	20 938	20 938	20 938	0	0
Municipal Systems Improvement	890	115	115	0	0	0
EPWP: Point Duty	1 000	1 305	1 305	1 305	0	0
MIG - Project Management Unit	552	1 800	1 800	570	-215.80	-215.80
Finance Management Grant	1 400	1 600	1 600	1 600	0	0
Provincial Government:	24 124	24 187	36 260	37 147	34.89	2.39
Housing	17 289	20 894	30 042	32 092	34.89	6.39
IDP	0	0	200	0	0	0
Job fund co Funding	0	0	575	437	100	-31.57
Thusong Multipurpose Centre	8	0	36	2	100	-1 787.37
Library Grant	394	800	800	517	-54.86	-54.86



## Chapter 5: Financial Performance

Description	2013/14	2014/15			2014/15 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Library Service Grant	3 338	2 493	2 787	3 090	19.34	9.82
Provincial Management Support	0	0	706	367	100	-92.37
Performance Provincial Grant	0	0	100	100	100	0.00
Flood damage	0	0	14	0	0	0
Seta	195	0	0	487	100	100
Financial Support	1 683	0	0	0	0	0
Provincial Compliance Grant	0	0	0	56	100	100
Provincial Grant Meter Audit	0	0	500	0	0	0
Other	1 216	0	0	0	0	0
<b>Other grant providers:</b>	<b>9</b>	<b>20</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>
Proclaimed roads	0	20	20	0	0	0
Swellendam Festival	0	0	0	0	0	0
Other	9	0	0	0	0	0
<b>Total Operating Transfers and Grants</b>	<b>47 832</b>	<b>49 964</b>	<b>62 038</b>	<b>61 560</b>	<b>18.84</b>	<b>0.78</b>

*Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.*

**Table 200.1:** Grant Performance for 2014/15

### 5.3.2 Conditional Grants

Details	2013/14	2014/15			2014/15 Variance	
	Actual	Budget	Adjustments Budget	Actual	Budget	Adjustments Budget
	R'000				%	
Financial Management Grant (FMG)	1 400	1 600	1 600	1 600	0	0
Municipal Systems Improvement Grant	890	115	115	0	0	0
Flood Damage (Housing)	0	0	14	0	0	0
Municipal Infrastructure Grant (MIG)	552	1 800	1 800	570	-215.80	-215.80
Provincial Performance Grant	0	0	100	100	100	0
Expanded Public Works Program (EPWP)	1 000	1 305	1 305	1 305	0	0
Provincial Compliance Grant	0	0	0	56	100	100
Upgrade: Library Suurbraak	1	0	0	0	0	0
Structure plan	1	0	0	0	0	0
Disaster Management System	6	0	0	0	0	0



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Details	2013/14	2014/15			2014/15 Variance	
	Actual	Budget	Adjustments Budget	Actual	Budget	Adjustments Budget
	R'000				%	
Project Preparation	8	0	0	0	0	0
Thusong Multipurpose Centre	8	0	44	2	100	-2 204.47
Library Services	394	800	800	517	-54.86	-54.86
Housing Projects	17 289	20 894	34 042	32 092	34.89	-6.08
Transformation Cost	1	0	0	0	0	0
Financial Support	1 683	0	0	367	100	100
Municipal Replacement Fund	3 338	2 493	2 787	3 090	19.34	9.82
Seta	195	0	0	487	100	100
Organisational Redesign Project	1 100	0	0	0	0	0
Government Funeral	100	0	0	0	0	0
EMP Raiton Erf 5269	9	0	0	0	0	0
Provincial Job Fund Grant	0	0	200	437	100	54.24
IDP	0	0	25	0	0	0
Provincial Grant Meter Audit	0	0	500	0	0	0
Provincial Management Support	0	0	706	0	0	0
Proclaimed Roads	0	20	20	0	0	0
<b>Total</b>	<b>27 975</b>	<b>29 026</b>	<b>44 057</b>	<b>40 622</b>	<b>28.55</b>	<b>-8.46</b>

\* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in par 5.9.2. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

**Table 201.: Conditional Grant (excl. MIG)**



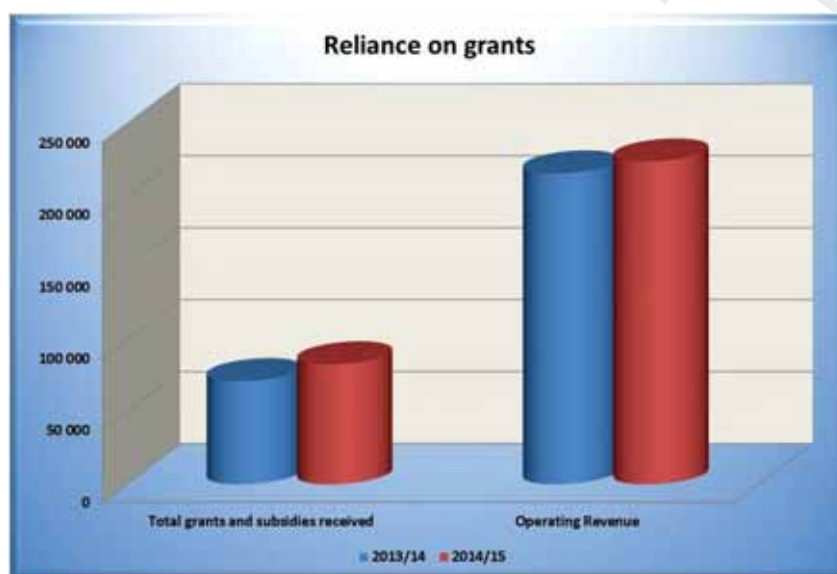
## Chapter 5: Financial Performance

### 5.3.3 Level of Reliance on Grants and Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000	R'000	%
2013/14	67 433	215 952	31.23
2014/15	92 938	224 178	41.46

**Table 202:** Reliance on Grants and Subsidies

The following graph indicates the municipality's reliance on grants as percentage for the last two financial years



*Graph 11.: Reliance on grants*

## 5.4 Asset Management

### 5.4.1 Repairs and Maintenance

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Budget variance
		R' 000			%
Repairs and Maintenance Expenditure	10 464	13 114	13 907	11 773	-15.35

**Table 203:** Repairs & maintenance as % of total Operating Expenditure



## Chapter 5: Financial Performance

### 5.5 Financial Ratios Based on Key Performance Indicators

#### 5.5.1 Liquidity Ratio

Description	Basis of calculation	2013/14	2014/15
		Audited outcome	Audited outcome
Current Ratio	Current assets/current liabilities	1.27	1.49
Liquidity Ratio	Monetary Assets/Current Liabilities	0.07	0.83

**Table 204.:** Liquidity Financial Ratio

#### 5.5.2 IDP Regulation Financial Viability Indicators

Description	Basis of calculation	2013/14	2014/15
		Audited outcome	Audited outcome
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.12	2.11
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.12	0.14
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	11.64	8.87

**Table 205.:** Financial Viability National KPAs

#### 5.5.3 Borrowing Management

Description	Basis of calculation	2013/14	2014/15
		Audited outcome	Audited outcome
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.03	0.04

**Table 206.:** Borrowing Management

#### 5.5.4 Employee costs

Description	Basis of calculation	2013/14	2014/15
		Audited outcome	Audited outcome
		%	
Employee costs	Employee costs/(Total Revenue - capital revenue)	29.03	28

**Table 207.:** Employee Costs





## Chapter 5: Financial Performance

### 5.5.5 Repairs & Maintenance

Description	Basis of calculation	2013/14	2014/15
		Audited outcome	Audited outcome
		%	
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.05	0.06

Table 208.: Repairs & Maintenance

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### 5.6 Capital Expenditure by Asset Class

Description	2013/14	2014/15			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2015/16	2016/17	2017/18
R'000							
Capital expenditure by Asset Class							
<b>Infrastructure - Total</b>	19 760	14 360	31 052	19 942	14 435	10 253	10 372
<b>Infrastructure: Road Transport - Total</b>	2 123	2 078	2 883	1 845	2 078	130	0
Roads, Pavements & Bridges	2 123	2 078	2 883	1 845	2 078	130	0
<b>Infrastructure: Electricity - Total</b>	304	1 000	919	117	1 000	150	150
Transmission & Reticulation	304	1 000	740	117	1 000	150	150
Street Lighting	0	0	179	0	0	0	0
<b>Infrastructure: Water - Total</b>	6 825	6 923	5 853	3 797	6 923	3 625	50
Dams & Reservoirs	6 825	6 923	5 853	3 797	6 923	3 625	50
<b>Infrastructure: Sanitation - Total</b>	10 508	4 359	21 396	14 183	4 359	6 348	10 172
Sewerage Purification	10 508	4 359	21 396	14 183	4 359	6 348	10 172
<b>Infrastructure: Other - Total</b>	0	0	0	0	75	0	0
Other	0	0	0	0	75	0	0
<b>Community - Total</b>	390	598	976	559	0	0	0
Community Halls	0	243	256	204	0	0	0
Libraries	390	355	720	355	0	0	0
<b>Capital Expenditure By Asset Class</b>	1107	1965	2945	1491	2677	450	717
<b>Other Assets</b>	1107	1965	2655	1491	2677	450	717
Plant & Equipment	299	785	997	118	785	0	0



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Description	2013/14	2014/15			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2015/16	2016/17	2017/18
R'000							
Computers - Hardware/Equipment	645	829	529	543	829	450	450
Furniture & Other Office Equipment	164	351	1 003	436	351	0	0
Other Buildings	0	0	75	258	712	0	267
Other	0	0	50	136	0	0	0
<b>Intangibles</b>	0	0	290	0	0	0	0
Computers - Software & Programming	0	0	290	0	0	0	0
<b>Total Capital Expenditure On New Assets</b>	<b>21 257</b>	<b>16 923</b>	<b>34 973</b>	<b>21 992</b>	<b>17 112</b>	<b>10 703</b>	<b>11 089</b>

Table 209.: Capital Expenditure by Asset Class

### 5.7 Sources of Finance

The table below indicates the capital expenditure by funding source for the 2014/15 financial year:

Details	2013/14	2014/15				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Source of finance						
Description	R'000				%	
External loans	0	7 746	6 596	236	-14.85	-82.11
Public contributions and donations	0	0	0	0	0	0
Grants and subsidies	18 789	11 016	28 377	21 756	157.60	-60.10
Own funding	2 468	0	0	0	0	0
Total	21 257	18 762	34 973	21 992	86.40	-69.19
Percentage of finance						
%						
External loans	0	41	19	1		
Public contributions and donations	0	0	0	0		
Grants and subsidies	100	59	81	99		
Own funding	13	0	0	0		
Capital expenditure						
Description	R'000				%	



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Details	2013/14	2014/15				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Water and sanitation	17 549	11 282	27 604	17 619	144.68	-88.51
Electricity	593	1 000	1 240	117	24.00	-112.30
Housing	0	0	0	0	0	0
Roads and storm water	0	2 840	1 995	1 845	-29.74	-5.31
Other	3 116	3 640	4 133	2 411	13.55	-47.31
<b>Total</b>	<b>21 257</b>	<b>18 762</b>	<b>34 973</b>	<b>21 992</b>	<b>86.40</b>	<b>-69.19</b>
<i>Percentage of expenditure</i>						
<b>%</b>						
Water and sanitation	94	60	79	80		
Electricity	3	5	4	1		
Housing	0	0	0	0		
Roads and storm water	0	15	6	8		
Other	17	19	12	11		

**Table 210.:** Capital Expenditure by funding source

### 5.8 Capital Spending on 5 Largest Projects

Projects with the highest capital expenditure in 2014/15

Name of Project	2014/15			% Variance	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
Swellendam WWTW	0	13 115	6 965	0	-46.90
Buffeljags Waste Water Treatment	4 079	4 472	4 085	0.15	-8.66
Swellendam Treatment Works	6 116	4 006	3 625	-40.72	-9.52
Rondomskrik Roads	878	1 138	1 138	29.63	0
Swellendam WWTW	0	1 013	906	0	-10.55

*Projects with the highest capital expenditure in 2014/15*

**Table 211.:** Capital Expenditure on the 5 Largest Projects

<b>Name of Project - A</b>	Swellendam WWTW
<b>Objective of Project</b>	Upgrade of sewerage network
<b>Delays</b>	n/a
<b>Future Challenges</b>	n/a
<b>Anticipated citizen benefits</b>	Better sewerage network

**Table 212.:** Summary of Swellendam WWTW



## Chapter 5: Financial Performance

Name of Project - B	Buffeljags WWTW
Objective of Project	n/a
Delays	n/a
Future Challenges	n/a
Anticipated citizen benefits	Better sewerage network

**Table 213.:** Summary of Buffeljags WWTW

Name of Project - C	Swellendam Treatment Works
Objective of Project	n/a
Delays	n/a
Future Challenges	n/a
Anticipated citizen benefits	n/a

**Table 214.:** Summary of Swellendam Treatment Works

Name of Project - D	Rondomskrik Roads
Objective of Project	Construct Roads and Storm water systems in Rondomskrik
Delays	n/a
Future Challenges	n/a
Anticipated citizen benefits	Formal access, minimized flooding

**Table 215.:** Summary of Rondomskrik Roads

Name of Project - E	Swellendam WWTW
Objective of Project	Upgrade of sewerage network
Delays	n/a
Future Challenges	n/a
Anticipated citizen benefits	Better sewerage network

**Table 216.:** Summary of Swellendam WWTW

### 5.9 Municipal Infrastructure Grant (MIG)

Details	2013/14	2014/15			
	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustments Budget
				R	
Infrastructure - Water	5 086 531	3 185 585	3 517 394	-44.61	9.43
Reticulation	578 214	1 081 780	1 036 337	44.21	-4.38
Water purification	4 508 317	2 103 805	2 481 057	-81.71	15.21
Infrastructure - Sanitation	4 855 260	6 255 599	5 809 838	16.43	-7.67
Reticulation	0	0	0	0	0
Sewerage purification	4 855 260	6 255 599	5 809 838	16.43	-7.67



## Chapter 5: Financial Performance

Details	2013/14	2014/15			
	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustments Budget
		R			%
Infrastructure - Streets	1 001 209	1 297 862	1 297 862	22.86	0
Infrastructure - Electricity	0	203 928	203 927	100	0
Streetlights	0	203 928	203 927	100	0
Reticulation	0	0	0	0	0
Other Specify: Recreational facilities	0	0	0	0	0
Outdoor Sport facilities	0	0	0	0	0
PMU	456 000	456 000	569 950	19.99	19.99
Total	11 399 000	11 398 974	11 398 971	0.00	0.00

**Table 217.: Municipal Infrastructure Grant (MIG)**

### COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

#### 5.10 Cash Flow

Cash Flow Outcomes				
R'000				
Description	2013/14	2014/15		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>Cash flow from operating activities</b>				
<b>Receipts</b>				
Ratepayers and other	128 767	128 286	126 251	129 507
Government - operating	67 433	49 964	61 538	92 938
Government - capital	0	11 016	28 376	0
Interest	1 298	1 750	1 950	2 631
Dividends	0	0	0	0
<b>Payments</b>				
Suppliers and employees	(170 132)	(172 665)	(183 811)	(164 411)
Finance charges	(6 006)	(6 136)	(4 500)	(8 377)
Transfers & Grants	(1 495)	(1 690)	(1 390)	(1 390)
<b>Net cash from/(used) operating activities</b>	<b>19 865</b>	<b>10 525</b>	<b>28 414</b>	<b>50 897</b>
<b>Cash flows from investing activities</b>				



## Chapter 5: Financial Performance

Cash Flow Outcomes				
R'000				
Description	2013/14	2014/15		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>Receipts</b>				
Proceeds on disposal of PPE	20	0	1 105	942
Decrease (Increase) in non-current debtors	0	0	0	0
Decrease (increase) other non-current receivables	61	72	50	0
Decrease (increase) in non-current investments	0	0	0	0
<b>Payments</b>				
Capital assets	(21 299)	(18 762)	(34 973)	(21 992)
<b>Net cash from/(used) investing activities</b>	<b>(21 218)</b>	<b>(18 690)</b>	<b>(33 818)</b>	<b>(21 051)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts</b>				
Short term loans	0	0	0	0
Increase (decrease) in consumer deposits	117	60	100	141
Borrowing long term/refinancing	205	7 746	6 596	6 862
<b>Payments</b>				
Repayment of borrowing	(2 062)	(2 118)	(1 845)	(2 110)
<b>Net cash from/(used) financing activities</b>	<b>(1 740)</b>	<b>5 688</b>	<b>4 851</b>	<b>4 893</b>
<b>Net increase/ (decrease) in cash held</b>	<b>(3 093)</b>	<b>(2 477)</b>	<b>(553)</b>	<b>34 739</b>
Cash/cash equivalents at the year begin:	5 020	7 222	1 924	1 927
<b>Cash/cash equivalents at the yearend:</b>	<b>1 927</b>	<b>4 745</b>	<b>1 371</b>	<b>36 666</b>

Table 218.: Cash flow

### 5.11 Gross Outstanding Debtors per Service

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R'000	R'000	R'000	R'000	R'000	R'000
2013/14	14 252	13 328	8 435	304	1 682	38 001
2014/15	11 910	12 509	9 166	278	2 008	35 871
Difference	(2 343)	(819)	731	(27)	327	(2 130)
% growth year on year	-16	-6	9	-9	19	-6

Note: Figures exclude provision for bad debt

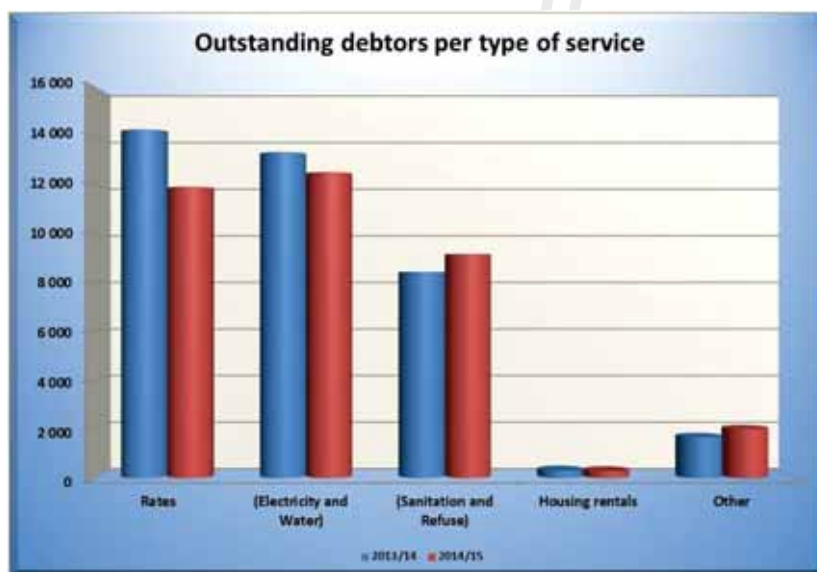
Table 219.: Gross outstanding debtors per service





## Chapter 5: Financial Performance

The following graph indicates the total outstanding debt per type of service for 2014/15



Graph 12.: Debt per type of service

### 5.12 Total Debtors Age Analysis

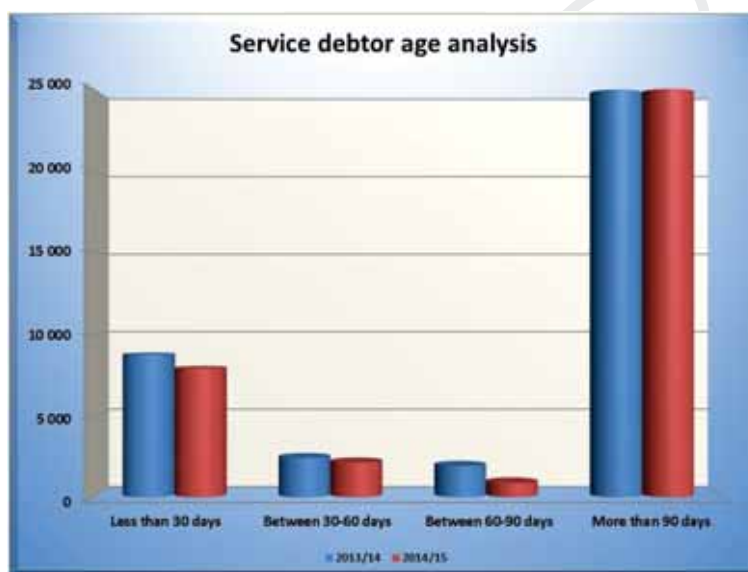
Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000				
2013/14	8 740	2 410	1 920	24 931	38 001
2014/15	7 898	2 127	871	24 975	35 871
Difference	(842)	(283)	(1 050)	45	(2 130)
% growth year on year	-10	-12	-55	0	-6

Note: Figures exclude provision for bad debt.

Table 220.:Service debtor age analysis



## Chapter 5: Financial Performance



Graph 13.: Service debtors age analysis for the 2013/14 and 2014/15 financial years

### 5.13 Borrowing and Investments

Infrastructure needs to be replaced and therefore borrowings for periods of 15 years are taken up to lessen the impact on consumers.

#### 5.13.1 Actual Borrowings

Actual Borrowings		
R'000		
Instrument	2013/14	2014/15
Long-Term Loans (annuity/reducing balance)	33 985	39 006
Financial Leases	475	225
Hire Purpose Liabilities	19	0
Total	34 479	39 231

Table 221.: Actual Borrowings



## Chapter 5: Financial Performance

### 5.13.2 Declaration of Loans and Grants made by the municipality

Organisation or Person in receipt of Loans /Grants provided by the municipality	Nature of project	Conditions attached to funding	Value 2014/15 R'000
Swellendam Tourism	Contribution to develop Tourism	The organisation need to supply the municipality with their Budget and AFS	1 060
Lower Breede River Conservancy	Contribution to develop Tourism	The organisation need to supply the municipality with their Budget and AFS	330

**Table 222.:**Declaration of Loans and Grants made by the municipality

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.14 GRAP Compliance

The municipality is 100% GRAP compliant since 2011

# Chapter 6







## Chapter 6: Auditor-General Opinion

### CHAPTER 6

#### COMPONENT A: AUDITOR-GENERAL OPINION

##### 6.1 Auditor General Report 2013/14

2013/14	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
Financial Statements	
Material losses/impairments	
The Municipality suffered a significant electricity loss amounting to 6 611 828 kilowatt units (12.9%) as a result of normal production losses.	A system of physically check pre-paid meters with low or zero consumption will be implemented and a total meter audit will be done during 2014/2015.
Receivables from exchange transactions have been significantly impaired. The impairment of receivables from exchange transactions amounts to approximately R16.1 million (67.7%).	The payment ratio of more than 100% was the main contributing factor for the impairment of the exchange transactions
Receivables from non-exchange transactions have been significantly impaired. The impairment of receivables from non-exchange transactions amounts to approximately R21.4 million (81.88%).	The implementation of traffic fine impairment provision according I GRAP 1 was the main reason.
Material under spending of the budget	
The municipality has materially underspent its capital budget by approximately R8.4 million.	The effluent pipeline for the Swellemdan Waste Water Treatment Works could not be completed due to land issues and is only commence in the 2014/2015 financial year. The RBIG grant has be roll over in the adjustment budget for 2014/2015 in August 2014.
Compliance with legislation	
Audit Committee	
The audit committee did not advise the accounting officer on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.	The audit committee operates in full since July 2014 in accordance with the prescriptions of the MFMA and has provided the necessary prescribed reports to the CFO for the 2014/2015 financial year. The corrective steps has thus already been taken.
Internal Audit	
<p>The internal audit unit did not function as required by section 165(2) of the MFMA, in that:</p> <ul style="list-style-type: none"> <li>It did not prepare a risk-based audit plan and an internal audit programme for the financial year under review.</li> <li>It did not report to the audit committee on the implementation of the internal audit plan.</li> </ul>	The Internal Audit Unit was only established on 1 February 2014 and operates in accordance with the MFMA. The corrective steps has been taken for the 2014/ 2015 financial year. A risk based audit plan is in place for 2014/ 2015 and the necessary reports are been tabled to the Audit Committee.
The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with the MFMA, DoRA and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.	The Internal Audit Unit was only established on 1 February 2014 and operates in accordance with the MFMA. The corrective steps has been taken for the 2014/ 2015 financial year. The IA unit is advising the AC and are reporting to the Audit Committee since July 2014.
Procurement and contract management	



## Chapter 6: Auditor-General Opinion

2013/14	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by the Municipal Supply Chain Management Regulations, 2005 regulation 13(c).	The declaration on whether a bidder are employed by the state is immediately implemented for all contracts on 2014/2015.
Internal Control	
Oversight responsibility	
Although many of the root causes of the findings previously reported have been largely addressed, oversight of the report on predetermined objectives and compliance with laws and regulations was not exercised in all instances as the processes implemented at the municipality did not prevent deficiencies in these areas. Leadership should ensure that the framework for monitoring and enforcing controls at the municipality are strengthened.	The necessary controls is in place and are reviewed regularly. A number of internal office instructions has been issued to staff and a number of new policies has been implemented. An electronic compliance system has been implemented as from 1 December 2014.
Financial and performance management	
The municipality lacked proper record keeping and record management system for filing of information supporting performance reporting relating to the key performance indicator: Hold road blocks to decrease incidents affecting traffic safety, resulting in information supporting disclosures in the report on predetermined objectives not being available. Information was not identified and captured in a timely manner and form to support performance reporting for this key performance indicator.	The necessary record keeping is in place. The Internal Audit Unit audit the results on a quarterly basis to ensure compliance.
Sufficient review processes to ensure the reliability of the actual achievements per the annual performance report have not yet been implemented because some misstatements identified during the audits were subsequently corrected. Management has not yet fully implemented sufficient validation.	The Internal Audit Unit audit the results on a quarterly basis to ensure compliance.
Management did not ensure the reliability of the compliance monitoring framework is implemented at the municipality to review and monitor compliance with applicable laws and regulations, resulting in non-compliance with laws and regulations in respect of procurement and contract management.	An electronic compliance system has been implemented as from 1 December 2014.
Governance	
The audit committee did not advise the municipal council, the political bearers, the accounting officer and the management staff of the municipality on matters relating to compliance with the MFMA, DoRA and other applicable legislation. The was as a result of the internal audit unit not preparing a risk-based audit plan, not reporting to the audit committee on matters relating to legislative compliance applicable to the municipality and not reporting to the audit committee on the implementation of the internal audit plan for the period under review.	The audit committee operates in full since July 2014 in accordance with the prescriptions of the MFMA and will provide the council, political office bearers, the Accounting Officer and management on matters relating to compliance as per the legislative requirements. As already said above, a risk based audit plan has been approved for the 2-014/ 20154 financial year. The corrective steps has thus already been taken.

Table 223.:AG Report 2013/14





## Chapter 6: Auditor-General Opinion

### 6.2 Auditor General Report 2014/15

2014/15	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
Financial Statements	
Material losses/impairments	
The municipality suffered a significant electricity loss amounting to 6 876 025 kw units (13.5%)	The municipality received R500 000 from Provincial Treasury during the 2014-15 financial year for a comprehensive pre-paid meter audit. The recommended service-provider was informed on 21 September 2015 that his tender was successful. A house to house survey will be conducted to audit pre-paid meters and ensure meters are not tampered with. The project stands to be executed during the period November 2015 to March 2016
The municipality has provided for a significant impairment of receivables from exchange transactions and receivables from non-exchange transactions of R16.8 million (70.2%) and R29.1 million (76.9%) respectively.	The municipality provides for impairment of receivables from exchange and non-exchange transactions based on GRAP standards. A service-provider perform the function of credit control on behalf of the municipality. The annual payment percentage on these transactions does exceed 100% which indicate that current as well as payments on outstanding accounts are made. The municipality is therefore satisfied with the current state of this function.
Material under spending of the budget	
The municipality has materially underspent the capital budget to the amount of R13 million.	Management will implement the necessary processes to ensure that the capital projects budgeted for are achievable.

Table 224.:AG Report 2014/15



## ABBREVIATIONS

### LIST OF ABBREVIATIONS

AG	Auditor-General
CAPEX	Capital Expenditure
CBP	Community Based Planning
CFO	Chief Financial Officer
DCF	District Coordinating Forum
DEDAT	Department of Economic Development and Tourism
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
EE	Employment Equity
GAMAP	Generally Accepted Municipal Accounting Practice
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IMFO	Institute for Municipal Finance Officers
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LLF	Local Labour Forum
MAYCOM	Executive Mayoral Committee
MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
MGRO	Municipal Governance Review & Outlook
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee



## ABBREVIATIONS

---

MSA	Municipal Systems Act No. 32 of 2000
MTECH	Medium Term Expenditure Committee
NGO	Non-governmental organisation
NT	National Treasury
OPEX	Operating expenditure
PMS	Performance Management System
PCF	Premiers Coordinating Forum
PSG	Provincial Strategic Goal
PT	Provincial Treasury
SALGA	South African Local Government Association
SAMDI	South African Management Development Institute
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework

# Annexure A

## Financial Statements

# **SWELLENDAM**

**MUNICIPALITY**



**AUDITED**

**FINANCIAL STATEMENTS**

**30 JUNE 2015**

# SWELLENDAM LOCAL MUNICIPALITY

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# **SWELLENDAM LOCAL MUNICIPALITY**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

### **GENERAL INFORMATION**

#### **NATURE OF BUSINESS**

Swellendam is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

#### **COUNTRY OF ORIGIN AND LEGAL FORM**

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### **JURISDICTION**

The Swellendam Municipality includes the following areas:

*Swellendam*

*Barrydale*

*Suurbraak*

*Buffeljagrsivier*

*Malagas*

*Infanta*

#### **MAYOR**

*Mr N.G. Myburgh*

#### **MAYORAL COMMITTEE**

*Mr N.G. Myburgh - Executive Mayor*

*Mr R.C. Carelse - Deputy Mayor*

*Mr H. Hartnick - Member*

#### **MUNICIPAL MANAGER**

*Mr.C.M. Africa*

#### **CHIEF FINANCIAL OFFICER**

*Mr H. Schlebusch*

#### **REGISTERED OFFICE**

*49 Voortrek Street*

*SWELLENDAM*

*6740*

#### **AUDITORS**

*Auditor General South Africa*

*Private Bag X1,*

*Chempet, 7442*

#### **PRINCIPLE BANKERS**

*FNB Swellendam, P.O. Box 10, Swellendam*

#### **ATTORNEYS**

*Powell Kelly Veldman, P.O. Box 18, Swellendam*

#### **RELEVANT LEGISLATION**

# SWELLENDAM LOCAL MUNICIPALITY

## MEMBERS OF THE SWELLENDAM LOCAL MUNICIPALITY

### WARD

Ward 1  
Ward 2  
Ward 3  
Ward 4  
Ward 5  
Proportional  
Proportional  
Proportional  
Proportional

### COUNCILLOR

Cllr J. du Toit Loubser  
Cllr M.T.A. Swart  
Cllr H. Hartnick  
Cllr M.J. Koch  
Cllr G. Libazi  
Cllr N.G. Myburgh  
Cllr R.G. Carelse  
Cllr G. Mtshali  
Cllr J.C. Nortje

## APPROVAL OF FINANCIAL STATEMENTS

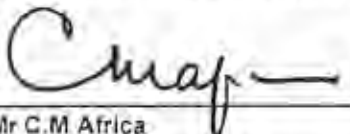
I am responsible for the preparation of the annual financial statements for the year ended 30 June 2015, which are set out on pages 1 to 88 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2015 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Mr C.M. Africa

MUNICIPAL MANAGER

Date:

30/6/2015

**SWELLENDAM LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015**

	Notes	2015 R (Actual)	2014 R (Restated)
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>215 649 453</b>	<b>199 988 541</b>
Housing Development Fund	2	3 624 369	3 947 333
Capital Replacement Reserve	2	5 000 000	-
Accumulated Surplus/(Deficit)		207 025 084	196 041 209
<b>Non-Current Liabilities</b>		<b>72 726 555</b>	<b>62 084 484</b>
Long-term Liabilities	3	36 547 425	32 369 065
Employee Benefits	4	30 176 060	26 674 620
Non-Current Provisions	5	6 003 071	3 040 799
<b>Current Liabilities</b>		<b>44 283 993</b>	<b>28 297 955</b>
Consumer Deposits	6	1 409 966	1 269 296
Current Employee benefits	7	6 051 468	5 850 465
Provisions	8	4 855 218	2 945 067
Payables from exchange transactions	9	22 303 800	13 748 766
Unspent Conditional Government Grants and Receipts	10	6 979 931	2 374 529
Current Portion of Long-term Liabilities	3	2 683 610	2 109 831
<b>Total Net Assets and Liabilities</b>		<b>332 660 001</b>	<b>290 370 980</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>266 533 287</b>	<b>253 726 494</b>
Property, Plant and Equipment	13	242 187 547	229 695 795
Investment Property	14	21 003 625	20 998 833
Intangible Assets	15	456 522	127 362
Heritage Assets	16	2 475 911	2 475 911
Capitalised Restoration Costs	17	409 682	211 246
Long-Term Receivables	18	-	217 348
<b>Current Assets</b>		<b>66 126 714</b>	<b>36 644 485</b>
Inventory	19	11 823 377	12 282 043
Receivables from exchange transactions	20	7 135 931	7 670 400
Receivables from non-exchange transactions	21	8 739 863	4 728 519
Operating Lease Asset	22	16 189	19 973
Unpaid Conditional Government Grants and Receipts	10	-	5 016 205
Taxes	12	1 745 765	4 931 855
Current Portion of Long-term Receivables	18	-	68 874
Cash and Cash Equivalents	23	36 665 590	1 926 617
<b>Total Assets</b>		<b>332 660 001</b>	<b>290 370 980</b>

**SWELLENDAM LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 (Actual) R	2014 (Restated) R
<b>REVENUE</b>			
Revenue from Non-exchange Transactions		130 796 132	112 398 717
Taxation Revenue		26 409 281	25 223 225
Property taxes	24	26 409 281	25 223 225
Transfer Revenue		83 316 243	71 637 275
Government Grants and Subsidies - Capital	25	21 755 829	23 805 094
Government Grants and Subsidies - Operating	25	61 560 414	47 632 182
Other Revenue		21 070 608	15 538 217
Actuarial Gains	4	1 414 797	235 133
Fines		19 655 811	15 303 084
Revenue from Exchange Transactions		93 382 081	103 553 109
Service Charges	26	81 727 579	77 259 422
Rental of Facilities and Equipment		1 217 286	1 214 690
Interest Earned - external investments		1 540 411	661 663
Interest Earned - outstanding debtors		1 090 525	635 918
Licences and Permits		1 235 429	1 341 966
Agency Services		1 296 686	1 148 440
Other Income	27	4 943 076	21 271 010
Stock Adjustments		71 699	-
Gain on disposal of Property, Plant and Equipment		259 389	20 000
<b>Total Revenue</b>		<b>224 178 214</b>	<b>215 951 826</b>
<b>EXPENDITURE</b>			
Employee related costs	28	61 587 651	55 776 357
Remuneration of Councillors	29	3 398 789	3 298 424
Debt Impairment	30	11 529 617	9 011 271
Depreciation and Amortisation	31	10 316 909	8 497 439
Impairments/Write-offs	32	714 483	17 854 321
Repairs and Maintenance		11 772 818	10 464 221
Actuarial losses	4	217 434	806 168
Finance Charges	33	8 377 247	5 005 681
Bulk Purchases	34	40 390 577	36 750 814
Grants and Subsidies	35	1 390 000	1 494 500
Stock Adjustments		-	2 623 118
General Expenses	36	58 228 056	44 661 310
Loss on disposal of inventory		307 500	175 470
<b>Total Expenditure</b>		<b>208 231 080</b>	<b>197 419 093</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>15 947 134</b>	<b>18 532 732</b>

**SWELLENDAM LOCAL MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015**

	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
<b>Balance at 1 JULY 2013</b>	<b>3 976 740</b>		<b>173 814 488</b>	<b>177 791 228</b>
Change in accounting policy		-	-	-
Correction of error		-	3 664 581	3 664 581
<b>Restated Balance at 1 JULY 2013</b>	<b>3 976 740</b>	-	<b>177 479 069</b>	<b>181 455 809</b>
Net Surplus for the year		-	18 532 732	18 532 732
Transfer to housing	(29 408)		29 408	1
<b>Balance at 30 JUNE 2014</b>	<b>3 947 333</b>	-	<b>196 041 209</b>	<b>199 988 542</b>
Net Surplus for the year	-	-	15 947 134	15 947 134
Transfer from housing	(36 742)		36 742	-
Housing Loans written off	(286 222)			(286 222)
Transfer to Capital Replacement Fund		5 000 000	(5 000 000)	-
<b>Balance at 30 JUNE 2015</b>	<b>3 624 369</b>	<b>5 000 000</b>	<b>207 025 084</b>	<b>215 649 454</b>

**SWELLEN DAM LOCAL MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	30 JUNE 2015 R	30 JUNE 2014 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other		129 506 516	128 767 163
Government		92 937 849	67 432 907
Interest		2 630 936	1 297 581
<b>Payments</b>			
Suppliers and employees		(164 411 068)	(170 132 411)
Finance charges	33	(8 377 247)	(6 005 681)
Transfers and Grants		(1 390 000)	(1 494 500)
<b>Cash generated by operations</b>	38	<b>50 896 987</b>	<b>19 865 057</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	13	(21 630 752)	(21 272 090)
Proceeds on Disposal of Fixed Assets		941 588	20 000
Purchase of Intangible Assets		(361 659)	(27 352)
Decrease in Long-term Receivables	18		61 343
<b>Net Cash from Investing Activities</b>		<b>(21 050 823)</b>	<b>(21 218 099)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans repaid		(2 109 804)	(2 062 167)
New loans raised		6 861 942	204 988
Increase in Consumer Deposits		140 670	117 193
<b>Net Cash from Financing Activities</b>		<b>4 892 808</b>	<b>(1 739 987)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>34 738 972</b>	<b>(3 093 030)</b>
Cash and Cash Equivalents at the beginning of the year		1 926 617	5 019 646
Cash and Cash Equivalents at the end of the year	39	36 665 590	1 926 617
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>34 738 972</b>	<b>(3 093 030)</b>



**SWELLEDAM LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances (Amounts over/above R2.1 million)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	36 665 590	1 374 000	(35 291 590)	Improved credit and budget control and increase in unspent government grants
Consumer debtors	15 875 793	14 373 000	(1 502 793)	
Other Receivables	1 761 954	17 500 000	15 738 046	Incorrect budget provision for i Grip 1 (Traffic Fines)
Current portion of long-term receivables	-	73 000	73 000	
Inventory	11 823 377	14 410 000	2 586 623	Less stock items as anticipated
<b>Total current assets</b>	<b>66 126 714</b>	<b>47 730 000</b>	<b>(18 396 714)</b>	
<b>Non current assets</b>				
Long-term receivables	-	167 000	167 000	
Investment property	21 003 625	19 697 000	(1 306 625)	
Property, plant and equipment	242 597 229	256 408 000	13 810 771	Due to retrospective corrections of errors and lessor capital spending
Intangible Assets	456 522	60 000	(396 522)	
Heritage Assets	2 475 911	2 246 000	(229 911)	
<b>Total non current assets</b>	<b>266 533 287</b>	<b>278 577 000</b>	<b>12 044 713</b>	
<b>TOTAL ASSETS</b>	<b>332 660 001</b>	<b>326 307 000</b>	<b>(6 352 001)</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowing	2 663 610	3 144 000	480 390	
Consumer deposits	1 409 966	1 369 000	(40 966)	
Trade and other payables	29 283 732	20 055 000	(9 228 732)	Trade Payables due to late capital spending
Provisions and Employee Benefits	10 906 686	3 000 000	(7 906 686)	Due to budget error which has exclude Employee benefits and short term portion of Non Current Provisions
<b>Total current liabilities</b>	<b>44 283 993</b>	<b>27 568 000</b>	<b>(16 715 993)</b>	
<b>Non current liabilities</b>				
Borrowing	36 547 425	38 740 000	2 192 575	Lesser amount borrowed as budgeted
Provisions and Employee Benefits	36 179 130	51 926 000	15 746 870	Due to the same reason as already explained above with current provisions
<b>Total non current liabilities</b>	<b>72 726 555</b>	<b>90 666 000</b>	<b>17 939 445</b>	
<b>TOTAL LIABILITIES</b>	<b>117 010 548</b>	<b>118 234 000</b>	<b>1 223 452</b>	
<b>NET ASSETS</b>	<b>215 649 453</b>	<b>208 073 000</b>	<b>(7 576 453)</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	207 025 084	204 303 000	(2 722 084)	Due to retrospective correction of errors in unspent government grants
Reserves	8 624 369	3 770 000	(4 854 369)	Due to improved cash flow - a first time recognition for Capital Replacement Reserve of R5 million
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>215 649 453</b>	<b>208 073 000</b>	<b>(7 576 453)</b>	

**SWELLENDAM LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015**  
**ADJUSTMENTS TO APPROVED BUDGET**

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Explanations for material adjustments (Amounts above R2.1 million)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	2 870 000	(1 496 000)	1 374 000	
Call investment deposits	1 875 000	(1 875 000)	-	
Consumer debtors	7 880 000	6 493 000	14 373 000	
Other Receivables	3 000 000	14 500 000	17 500 000	
Current portion of long-term receivables	80 000	(7 000)	73 000	
Inventory	16 700 000	(2 290 000)	14 410 000	
<b>Total current assets</b>	<b>32 405 000</b>		<b>47 730 000</b>	
<b>Non current assets</b>				
Long-term receivables	123 000	44 000	167 000	
Investment property	25 314 000	(5 617 000)	19 697 000	
Property, plant and equipment	259 266 000	(2 858 000)	256 408 000	
Intangible Assets	55 000	5 000	60 000	
Heritage Assets	3 688 000	(1 442 000)	2 246 000	
<b>Total non current assets</b>	<b>288 446 000</b>	<b>(9 868 000)</b>	<b>278 578 000</b>	
<b>TOTAL ASSETS</b>	<b>320 851 000</b>	<b>(9 868 000)</b>	<b>326 308 000</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft		-		
Borrowing	2 151 000	993 000	3 144 000	
Consumer deposits	1 272 000	97 000	1 369 000	
Trade and other payables	27 127 000	(7 072 000)	20 055 000	
Provisions and Employee Benefits	10 093 000	(7 093 000)	3 000 000	
<b>Total current liabilities</b>	<b>40 643 000</b>	<b>(13 075 000)</b>	<b>27 568 000</b>	
<b>Non current liabilities</b>				
Borrowing	37 816 000	924 000	38 740 000	
Provisions and Employee Benefits	29 506 000	22 420 000	51 926 000	
<b>Total non current liabilities</b>	<b>67 322 000</b>	<b>23 344 000</b>	<b>90 666 000</b>	
<b>TOTAL LIABILITIES</b>	<b>107 965 000</b>	<b>10 269 000</b>	<b>118 234 000</b>	
<b>NET ASSETS</b>	<b>212 885 000</b>	<b>(20 137 000)</b>	<b>208 073 000</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	209 084 000	(4 781 000)	204 303 000	
Reserves	3 800 000	(30 000)	3 770 000	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>212 885 000</b>	<b>(4 811 000)</b>	<b>208 073 000</b>	

**SWELLENHAM LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances (Amounts above R2.1 million)
<b>REVENUE BY SOURCE</b>				
Property rates	26 409 281	30 262 000	3 852 719	Lower values in the new implemented general valuation and supplementary valuations
Service charges	81 727 579	88 232 000	6 504 421	Change in the application of revenue forgone
Rental of facilities and equipment	1 217 286	1 039 000	(178 286)	
Interest earned - external investments	1 540 411	850 000	(690 411)	
Interest earned - outstanding debtors	1 090 525	1 100 000	9 475	
Actuarial Gains	1 414 797		(1 414 797)	
Fines	19 655 811	19 864 000	208 189	
Licences and permits	1 235 429		(1 235 429)	
Agency services	1 296 686	2 582 000	1 285 314	
Government Grants and Subsidies - Operating	61 560 414	61 538 000	(22 414)	
Other revenue	5 014 775	1 141 000	(3 873 775)	Decreasing in Provision for bad debt recognised as revenue
Gains on disposal of PPE	259 389	1 105 000	845 611	
<b>Total Operating Revenue</b>	<b>202 422 385</b>	<b>207 713 000</b>	<b>5 290 615</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	61 587 651	63 809 000	2 221 349	Saving on vacancies not filled
Remuneration of councillors	3 398 789	3 526 000	127 211	
Debt impairment	11 529 617	17 265 000	5 735 383	Budget for impairment on traffic fines in terms of i GRAP 1 overstated and improvement in debt collection
Depreciation & asset impairment	11 031 391	8 874 000	(2 157 391)	Depreciation landfill sites
Finance charges	8 377 247	5 663 000	(2 714 247)	Post Employment Benefits increase due to periods previously excluded and provision for landfill sites
Actuarial losses	217 434		(217 434)	
Bulk purchases	40 390 577	41 848 000	1 457 423	
Grants and subsidies paid	1 390 000	1 390 000	-	
Other expenditure	70 000 875	78 815 000	8 814 125	Savings in spending of repairs and maintenance and general expenditure
Loss on disposal of PPE	307 500	-	(307 500)	
<b>Total Operating Expenditure</b>	<b>208 231 080</b>	<b>221 190 000</b>	<b>12 958 920</b>	
<b>Operating Deficit for the year</b>	<b>(5 808 695)</b>	<b>(13 476 000)</b>	<b>7 667 305</b>	
Government Grants and Subsidies - Capital	21 755 829	28 376 000	(6 620 171)	Correction of error i.r.o. RBiG and Human Settlement grants
<b>Net Surplus for the year</b>	<b>15 947 134</b>	<b>14 900 000</b>	<b>1 047 134</b>	

**SWELLENDAM LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015**

**ADJUSTMENTS TO APPROVED BUDGET**

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Reasons for material adjustments (Amounts above R2.1 million)
<b>REVENUE BY SOURCE</b>				
Property rates	30 262 000	-	30 262 000	
Property rates - penalties & collection charges		-	-	
Service charges	95 851 000	(7 619 000)	88 232 000	Change in the application of revenue forgone
Rental of facilities and equipment	912 000	127 000	1 039 000	
Interest earned - external investments	450 000	400 000	850 000	
Interest earned - outstanding debtors	1 300 000	(200 000)	1 100 000	
Fines	3 269 000	16 595 000	19 864 000	Budget for impairment on traffic fines in terms of i GRAP 1
Agency services	2 185 000	397 000	2 582 000	
Government Grants and Subsidies - Operating	49 964 000	11 574 000	61 538 000	Additional Provincial allocations made to the municipality
Other revenue	1 024 000	117 000	1 141 000	
Gains on disposal of PPE		1 105 000	1 105 000	
<b>Total Operating Revenue</b>	<b>185 216 000</b>	<b>22 497 000</b>	<b>207 713 000</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	66 828 000	(3 019 000)	63 809 000	Decrease in budget on vacancies not filled
Remuneration of councillors	3 526 000	-	3 526 000	
Debt impairment	2 765 000	14 500 000	17 265 000	Budget for impairment on traffic fines in terms of i GRAP 1
Depreciation & asset impairment	8 944 000	(70 000)	8 874 000	
Finance charges	6 136 000	(473 000)	5 663 000	
Bulk purchases	41 848 000	-	41 848 000	
Grants and subsidies paid	1 690 000	(300 000)	1 390 000	
Other expenditure	63 943 000	14 872 000	78 815 000	Additional Provincial allocations made to the municipality
Loss on disposal of PPE		-	-	
<b>Total Operating Expenditure</b>	<b>195 679 000</b>	<b>25 509 000</b>	<b>221 190 000</b>	
<b>Operating Deficit for the year</b>	<b>(10 463 000)</b>	<b>-3 014 000</b>	<b>(13 477 000)</b>	
Government Grants and Subsidies - Capital	11 016 000	17 360 000	28 376 000	Allocation of budget for RBIG grant as well as approved roll-over for Human Settlements
<b>Net Surplus for the year</b>	<b>553 000</b>	<b>14 348 000</b>	<b>14 899 000</b>	

**SWELLENDAM LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances over/above R2.1 million
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	129 506 516	126 251 000	(3 255 516)	Increase in recovery of receivables and VAT receivable
Government - operating	71 182 020	61 538 000	(9 644 020)	
Government - capital	21 755 829	28 376 000	6 620 171	Correction of error i.r.o. RBIG and Human Settlement grants
Interest	2 630 936	1 950 000	(680 936)	
<b>Payments</b>				
Suppliers and Employees	(164 411 068)	(183 811 000)	(19 399 932)	Decrease in payments of year end creditors
Finance charges	(8 377 247)	(4 500 000)	3 877 247	Post Employment Benefits increase due to periods previously excluded and provision for landfill sites
Transfers and Grants	(1 390 000)	(1 390 000)	-	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>50 896 987</b>	<b>28 414 000</b>	<b>(22 482 987)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of Assets	941 588	1 105 000	163 413	
Decrease/(increase) in non-current receivables	-	50 000	50 000	
<b>Payments</b>				
Capital assets	(21 992 410)	(34 973 000)	(12 980 590)	Decrease in capital spending
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(21 050 823)</b>	<b>(33 818 000)</b>	<b>(12 767 177)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing	6 861 942	6 596 000	(265 942)	
Increase/(decrease) in consumer deposits	140 670	100 000	(40 670)	
<b>Payments</b>				
Repayment of borrowing	(2 109 804)	(1 845 000)	264 804	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>4 892 808</b>	<b>4 861 000</b>	<b>(41 808)</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>34 738 972</b>	<b>(553 000)</b>	<b>(35 291 972)</b>	
Cash and Cash Equivalents at the beginning of the year	1 926 617	1 924 000	(2 617)	
Cash and Cash Equivalents at the end of the year	36 665 590	1 374 000	(35 291 590)	

**SWELLENDAM LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015**

**ADJUSTMENTS TO APPROVED BUDGET**

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Reasons for material adjustments over/above R2.1 million
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	128 286 000	(2 035 000)	126 251 000	Decrease in anticipated income
Government - operating	49 964 000	11 574 000	61 538 000	Additional Provincial allocations made to the municipality
Government - capital	11 016 000	17 360 000	28 376 000	Allocation of budget for RBIG grant as well as approved roll-over for Human Settlements
Interest	1 750 000	200 000	1 950 000	
<b>Payments</b>				
Suppliers and Employees	(172 665 000)	(11 146 000)	(183 811 000)	Additional Provincial allocations made to the municipality
Finance charges	(6 136 000)	1 636 000	(4 500 000)	
Transfers and Grants	(1 690 000)	300 000	(1 390 000)	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>10 525 000</b>	<b>17 889 000</b>	<b>28 414 000</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of Assets		1 105 000	1 105 000	
Decrease/(increase) in non-current receivables	72 000	(22 000)	50 000	
Decrease/(increase) in non-current investments		-	-	
<b>Payments</b>				
Capital assets	(18 762 000)	(16 211 000)	(34 973 000)	Adjustment capital budget approved (RBIG grant)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(18 690 000)</b>	<b>(15 128 000)</b>	<b>(33 818 000)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing	7 746 000	(1 150 000)	6 596 000	
Increase/(decrease) in consumer deposits	60 000	40 000	100 000	
<b>Payments</b>				
Repayment of borrowing	(2 118 000)	273 000	(1 845 000)	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>5 688 000</b>	<b>(837 000)</b>	<b>4 851 000</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(2 477 000)</b>	<b>1 924 000</b>	<b>(553 000)</b>	
Cash and Cash Equivalents at the beginning of the year	7 222 000	(5 298 000)	1 924 000	
Cash and Cash Equivalents at the end of the year	4 745 000	(3 371 000)	1 374 000	



## **SWELLENDAM MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

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#### **1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

##### **1.1. BASIS OF PREPARATION**

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

##### **1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

##### **1.3. GOING CONCERN ASSUMPTION**

These financial statements have been prepared on a going concern basis.

##### **1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current

## **SWELLENDAM MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

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year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### **1.5 AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

#### **1.6. MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

#### **1.7. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2013 to 30 June 2014. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

**SWELLENDAM MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
<b>Directive 11</b>	<p><b><u>Changes in Measurement Basis Following Initial Adoption of Standards of GRAP</u></b></p> <p>This Directive can be applied when a Municipality elects to change the measurement basis selected for certain assets on the initial adoption of Standards of GRAP</p> <p>No significant impact is expected as the Municipality has no intention of changing its measurement basis.</p>	
<b>GRAP 18 (Original – Feb 2011)</b>	<p><b>Segment Reporting</b></p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	<b>1 April 2015</b>
<b>GRAP 20 (Original – June 2011)</b>	<p><b>Related Party Disclosure</b></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	<b>Unknown</b>
<b>GRAP 32 (Original – Aug 2013)</b>	<p><b>Service Concession Arrangements: Grantor</b></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	<b>Unknown</b>
<b>IGRAP 17</b>	<b><u>Service Concessions Arrangements Where a</u></b>	<b>Unknown</b>

**SWELLENDAM MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

	<p><b><u>Grantor Controls a Significant Residual Interest in a Asset</u></b></p> <p>This interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease</p> <p>No such transactions or events are expected in the foreseeable future.</p>	
GRAP 105 (Original – Nov 2010)	<p><b>Transfer of Functions Between Entities Under Common Control</b></p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 106 (Original – Nov 2010)	<p><b>Transfer of Functions Between Entities Not Under Common Control</b></p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 107 (Original – Nov 2010)	<p><b>Mergers</b></p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 108 (Original – Sept 2013)	<p><b>Statutory Receivables</b></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own</p>	Unknown

**SWELLENDAM MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

	accounting policy	
<b>IGRAP 11</b>	<p><b>Consolidation - Special Purpose Entities (SPE)</b></p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	<b>1 April 2015</b>
<b>IGRAP 12</b>	<p><b>Jointly Controlled Entities non-monetary contributions</b></p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venture to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	<b>1 April 2015</b>
<b>GRAP 109</b>	<p><b>Accounting by Principles and Agents</b></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<b>Unknown</b>

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

## **1.9. RESERVES**

### **1.9.1 Capital Replacement Reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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#### 1.9.2 Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress, as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

#### 1.10. LEASES

##### 1.10.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.



## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

The same accounting principles will be applied with the recognition of unspent Public Contributions.

#### **1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant as set out in note 1.11 or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

#### **1.13. PROVISIONS**

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

#### **1.14. EMPLOYEE BENEFITS**

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

##### **1.14.1 Post-Retirement Medical Obligations**

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

##### **1.14.2 Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these

## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

#### **1.14.3 Provision for Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

#### **1.14.4 Staff Bonuses Accrued**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

#### **1.14.5 Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

#### **1.14.6 Other Short-term Employee Benefits**

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

#### **1.15. BORROWING COSTS**

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

The amount of borrowing costs that the Municipality capitalises during a period does not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

#### **1.16. PROPERTY, PLANT AND EQUIPMENT**

##### **1.16.1 Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

#### **1.16.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Apart from the Landfill site, Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

#### **1.16.3 Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

**SWELLENDAM MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

	<i>Years</i>		<i>Years</i>
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads	6 - 104	Air conditioners	4 - 11
Electricity	6 - 90	Chairs	6 - 20
Water	7 - 168	Computer Hardware	5 -21
Waste Water	11 -48	General Plant	5 - 25
		Generator	5 - 15
		Graders	10
<b><u>Community</u></b>		Lawn Mowers	6 - 20
Buildings	100	Mechanical horses	5 - 30
Land	0	Miscellaneous furniture	6 - 25
Other assets	10 - 30	Office Machines	5 - 30
		Radio equipment	5 - 20
Land and Buildings		security systems	5 - 15
Buildings	100	Tables/desks	5 - 20
Land	0	Telecommunication	12 - 15
Other assets	10 - 30	Tools	5 - 17
<b><u>Finance lease assets</u></b>			
Office equipment	3	Tractors	10 - 20
Other assets	5	Trucks/ "Bakkies"	5 - 33
		Vehicles	5 - 20



## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

#### **1.16.4 De-recognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### **1.16.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

### **1.17. INTANGIBLE ASSETS**

#### **1.17.1 Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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#### 1.17.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### 1.17.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

	<u>Years</u>
Computer Software	5-10

#### 1.17.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### 1.17.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2008.

### 1.18. INVESTMENT PROPERTY

#### 1.18.1 Initial Recognition

Investment property is recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

#### 1.18.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

#### 1.18.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30-120

#### 1.18.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### 1.18.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be

## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009

#### **1.19 HERITAGE ASSETS**

##### **1.19.1 Initial Recognition**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

##### **1.19.2 Subsequent Measurement – Cost Model**

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

##### **1.19.3 Depreciation and Impairment**

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

##### **1.19.4 De-recognition**

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

##### **1.19.5 Application of deemed cost - Directive 7**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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#### 1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

##### 1.20.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
  - During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
  - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
  - Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- (b) Internal sources of information
  - Evidence is available of obsolescence or physical damage of an asset.
  - Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
  - Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

#### 1.20.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

##### (a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

##### (b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.



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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit. The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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#### **1.21. INVENTORIES**

##### **1.21.1 Initial Recognition**

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

##### **1.21.2 Subsequent Measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

#### **1.22. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

### 1.22.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

### 1.22.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

#### 1.22.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

#### **1.22.2.2 Payables and Annuity Loans**

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

#### **1.22.2.3 Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

#### **1.22.2.4 Non-Current Investments**

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

### **1.22.3 De-recognition of Financial Instruments**

#### **1.22.3.1 Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### **1.22.3.2 Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

#### **1.22.4 Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

### **1.23 STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

#### **1.23.1 Initial Recognition**

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

#### 1.23.2 Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

#### 1.23.3 De-recognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

- (i) de-recognise the receivable; and
- (ii) recognise separately any rights and obligations created or retained in the transfer.

#### 1.24. REVENUE

##### 1.24.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the

## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account may be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.



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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

#### 1.24.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

#### **1.25 TRANSFER OF FUNCTION (Municipality as the acquirer)**

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Municipality);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquire; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquire (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

#### 1.26 RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
  - has control or joint control over the Municipality.
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
  - the entity is controlled or jointly controlled by a person identified in (a).
  - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

#### **1.27. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.28. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.29. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is

## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

#### **1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

##### **1.31.1 Post-retirement medical obligations and, Long service awards**

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

##### **1.31.2 Impairment of Receivables**

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

##### **1.31.3 Property, Plant and Equipment**

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service

## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### 1.31.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.



## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

#### 1.31.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### 1.31.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

#### 1.31.7 Revenue Recognition

Accounting Policy 1.24.2 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.1 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses have been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

#### 1.31.8 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

#### **1.31.9 Provision for Staff leave**

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

#### **1.31.10 Pre-paid electricity estimation**

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The actual pre-paid electricity sold per day for the last 5 days during the year under review is used as the estimate for calculating unused units

#### **1.31.11 Componentisation of Infrastructure assets**

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

#### **1.32. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

#### **1.33. CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

#### **1.34. EVENTS AFTER REPORTING DATE**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

## SWELLENDAM MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

#### **1.35. TAXATION**

##### **1.35.1 Current tax assets and liabilities**

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

##### **1.35.2 Deferred tax assets and liabilities**

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

##### **1.35.3 Tax expenses**

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity

	2015 R	2014 R
<b>2 NET ASSET RESERVES</b>		
Housing Development Fund	3 624 369	3 947 333
Capital Replacement Reserve	5 000 000	-
<b>Total Net Asset Reserves</b>	<b>8 624 369</b>	<b>3 947 333</b>

<b>3 LONG-TERM LIABILITIES</b>		
Annuity Loans - At amortised cost	39 005 714	33 984 556
Capitalised Lease Liability - At amortised cost	225 321	475 364
Hire Purchases Liability	-	18 976
	<b>39 231 034</b>	<b>34 478 896</b>
Current Portion transferred to Current Liabilities	<b>2 683 610</b>	<b>2 109 831</b>
Annuity Loans - At amortised cost	2 458 289	1 840 811
Capitalised Lease Liability - At amortised cost	225 321	250 044
Hire Purchases	-	18 976
	<b>36 547 425</b>	<b>32 369 065</b>
<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>36 547 425</b>	<b>32 369 065</b>

Annuity loans at amortised cost consist of 8 contracts with DBSA, calculated at interest rates, ranging between 8.075% and 15.9%, with a maturity date of 30 June 2015 of the last contract. The loans are unsecured.

A new loan was raised with ABSA. The principle amount is R 6 595 800 at a fix interest rate of 9%. Interest is capitalized monthly and the repayments is 6 monthly. The loan is unsecured.

The obligations under annuity loans are scheduled below:

	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	6 610 797	5 591 582
Payable within two to five years	23 373 877	20 308 990
Payable after five years	43 830 135	43 270 349
	<b>73 814 808</b>	<b>69 170 921</b>
<b>Less:</b> Future finance obligations	<b>(34 809 095)</b>	<b>(35 186 640)</b>
<b>Present value of annuity obligations</b>	<b>39 005 714</b>	<b>33 984 280</b>

The obligations under finance leases are scheduled below:

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	234 531	281 419
Payable within two to five years	-	234 531
Payable after five years	-	-
	<b>234 531</b>	<b>515 950</b>
<b>Less:</b> Future finance obligations	<b>(9 210)</b>	<b>(40 586)</b>
<b>Present value of lease obligations</b>	<b>225 321</b>	<b>475 364</b>

Leases are secured by property, plant and equipment - Note 13

The capitalised lease liability consist out of the contracts as set out in Appendix B

The obligations under hire purchase agreements are scheduled below:

	Minimum Hire Purchase payments	
Amounts payable under hire purchase agreements:		
Payable within one year	-	19 068
Payable within two to five years	-	-
Payable after five years	-	-
	<b>-</b>	<b>19 068</b>

**Less:** Future finance obligations  
**Present value of hire purchase obligations**

-	(92)
-	<b>18 976</b>

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#### **EMPLOYEE BENEFITS**

Post Retirement Benefits - Refer to Note 4.1  
 Long Service Awards - Refer to Note 4.2  
**Total Non-current Employee Benefit Liabilities**

<b>2015</b>	<b>2014</b>
<b>R</b>	<b>R</b>
27 749 989	24 685 769
2 426 071	1 988 851
<b>30 176 060</b>	<b>26 674 620</b>

#### **Post Retirement Benefits**

Balance 1 July  
 Contribution for the year  
 Interest Cost  
 Expenditure for the year  
 Actuarial Loss/(Gain)  
**Total post retirement benefits 30 June**  
**Less:** Transfer of Current Portion - Note 7  
**Balance 30 June**

<b>2015</b>	<b>2014</b>
<b>R</b>	<b>R</b>
25 209 737	22 061 929
2 842 884	1 049 783
2 293 471	1 846 625
(596 810)	(554 768)
(1 414 797)	806 168
<b>28 334 485</b>	<b>25 209 737</b>
(584 496)	(523 968)
<b>27 749 989</b>	<b>24 685 769</b>

#### **Long Service Awards**

Balance 1 July  
 Contribution for the year  
 Interest Cost  
 Expenditure for the year  
 Actuarial Loss/(Gain)  
**Total long service 30 June**  
**Less:** Transfer of Current Portion - Note 7  
**Balance 30 June**

2 245 822	2 225 611
170 640	285 596
169 377	154 393
(188 527)	(184 645)
217 434	(235 133)
<b>2 614 746</b>	<b>2 245 822</b>
(188 675)	(256 971)
<b>2 426 071</b>	<b>1 988 851</b>

**TOTAL NON-CURRENT EMPLOYEE BENEFITS**

	2015	2014
Balance 1 July	27 455 559	24 287 540
Contribution for the year	3 013 524	1 335 379
Interest cost	2 462 848	2 001 018
Expenditure for the year	(785 338)	(739 413)
Actuarial Loss/(Gain)	(1 197 363)	571 035
<b>Total employee benefits 30 June</b>	<b>30 949 231</b>	<b>27 455 559</b>
<b>Less:</b> Transfer of Current Portion - Note 7	(773 171)	(780 939)
<b>Balance 30 June</b>	<b>30 176 060</b>	<b>26 674 620</b>

**4 EMPLOYEE BENEFITS (CONTINUE)**

**4.1 Post Retirement Benefits**

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	157	98
In-service (employee) non-members	82	82
Continuation members (e.g. Retirees, widows, orphans)	17	16
<b>Total Members</b>	<b>256</b>	<b>196</b>

The liability in respect of past service has been estimated to be as follows:

In-service members	16 806 410	14 735 442
In-service non- members	3 614 443	3 289 943
Continuation members	7 913 632	7 184 352
<b>Total Liability</b>	<b>28 334 485</b>	<b>25 209 737</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014 R	2013 R	2012 R
	25 209 737	22 061 929	18 704 246
<b>Total Liability</b>	<b>25 209 737</b>	<b>22 061 929</b>	<b>18 704 246</b>

Experience adjustments were calculated as follows:

	2015 Rm	2014 Rm	2013 Rm
Liabilities: loss/(profit)	-1.794	-1.162	0.822

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;  
LA Health  
Key health.  
Hosmed  
Samwu

	2015 %	2014 %
<b>Key actuarial assumptions used:</b>		
<b>i) Rate of interest</b>		
Discount rate	8.90%	9.19%
Health Care Cost Inflation Rate	8.11%	8.32%
Net Effective Discount Rate	0.74%	0.80%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

**ii) Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

	2015 R	2014 R
The amount recognised in the Statement of Financial Position is as follow:		
Present value of fund obligations	27 749 989	24 685 769
<b>Total Liability</b>	<b>27 749 989</b>	<b>24 685 769</b>

The entire fund is unfunded.

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

#### Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	25 209 737	22 061 929
Total expenses	4 539 545	2 341 640
Current service cost	2 842 884	1 049 783
Interest Cost	2 293 471	1 846 625
Benefits Paid	(596 810)	(554 768)
Actuarial (gains)/losses	(1 414 797)	806 168
Present value of fund obligation at the end of the year	28 334 485	25 209 737
<b>Less:</b> Transfer of Current Portion - Note 7	(584 496)	(523 968)
<b>Balance 30 June</b>	<b>27 749 989</b>	<b>24 685 769</b>

#### Sensitivity Analysis on the Accrued Liability

Assumption	In service members (Rm)	Continuation members liability (Rm)	% change
Central Assumptions	20.421	7.914	

The effect of movements in the assumptions are as follows:

Assumption	Change	In service members (Rm)	Continuation members liability (Rm)	% change
Health care inflation	1%	24.64	8.701	18%
Health care inflation	-1%	16.945	7.229	-15%
Post-retirement mortality	-1 year	21.109	8.243	4%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		1 212 400	2 293 500	3 505 900	
Health care inflation	1%	1 488 800	2 703 200	4 192 000	20%
Health care inflation	-1%	996 100	1 963 400	2 959 500	-16%
Post-retirement mortality	-1 year	1 252 100	2 376 200	3 628 300	3%

2015 2014

## 4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

239	231
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Key actuarial assumptions used:

#### i) Rate of interest

Discount rate	7.84%	7.99%
General Salary Inflation (long-term)	7.04%	7.15%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.75%	0.78%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"





	2015 R	2014 R
The amount recognised in the Statement of Financial Position is as follow:		
Present value of fund obligations	2 614 746	2 245 822
<b>Net liability</b>	<b>2 614 746</b>	<b>2 245 822</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2013 R	2012 R	2011 R
<b>Total Liability</b>	<b>2 225 611</b>	<b>1 536 016</b>	<b>1 639 367</b>

Experience adjustments were calculated as follows:

	2015	2014	2013
Liabilities: (Gain) / loss	278 768	(120 932)	417 983

Reconciliation of present value of fund obligation:

	2015	2014
Present value of fund obligation at the beginning of the year	2 245 822	2 225 611
Total expenses	151 490	255 344
Current service cost	170 640	285 596
Interest Cost	169 377	154 393
Benefits Paid	(188 527)	(184 645)
Actuarial (gains)/losses	217 434	(235 133)
Present value of fund obligation at the end of the year	2 614 746	2 245 822
<b>Less:</b> Transfer of Current Portion - Note 7	(188 675)	(256 971)
<b>Balance 30 June</b>	<b>2 426 071</b>	<b>1 988 851</b>

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		2 615	
General salary inflation	1%	2 780	6%
General salary inflation	-1%	2 463	-6%
Average retirement age	-2 yrs	2 083	-20%
Average retirement age	2 yrs	3 054	17%
Withdrawal rates	-50%	3 071	17%

#### 4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and was not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosures have been made as defined in GRAP 25.31.

##### CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 112.6% (30 June 2013 - 100%).

Contributions paid recognised in the Statement of Financial Performance

2015 R	2014 R
4 096 637	3 167 428

##### DEFINED CONTRIBUTION FUNDS

Council contribute to the SAMWU National Provident Fund which is a defined contribution fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service

costs.

Contributions paid recognised in the Statement of Financial Performance

Municipal Councillors Pension Fund  
SAMWU National Provident Fund

-	101 674
1 792 309	1 759 325
1 792 309	1 860 999

2015  
R

2014  
R

## 5 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites

6 003 071	3 040 799
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### Landfill Sites

Balance 1 July

5 985 866	22 482 866
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Unwinding of discounted interest

1 867 714	(16 497 000)
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Additions

3 004 709	-
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**Total provision 30 June**

<b>10 858 289</b>	<b>5 985 866</b>
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Less: Transfer of Current Portion to Current Provisions - Refer to note 8

(4 855 218)	(2 945 067)
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**Balance 30 June**

<b>6 003 071</b>	<b>3 040 799</b>
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The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	<u>Malagas</u>	<u>Swellendam</u>	<u>Infanta</u>	<u>Suurbraak</u>	<u>Barrydale</u>
Rehabilitation area (m²)	3 175	57870	330	1 500	916
Available capacity	0%	95.24%	98.81%	0%	0%
Engineering Design	262 074	218 425	78 743	334 170	440 051
Assessment Process -Permit for closure		275 747	275 747	275 747	275 747
Closure Plan		149 332	149 332	149 332	149 332
Earthworks	38 100	33 022	47	62 760	82 080
Leachate Control	662 400				
Fencing					163 350
Septic Tanks	17 650				
Capping material	660 400	682 455	972	1 297 040	1 696 320
Storm water Drainage	39 600	41 400	59	23 400	14 400
Berm for waste containment					
Preliminary and General	283 630	236 391	85 220	361 656	476 246
Contingencies	170 178	141 835	51 132	216 993	285 747

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

<u>Location</u>	<u>Estimated decommission date</u>	<u>Cost of rehabilitation 2015</u>	<u>Cost of rehabilitation 2014</u>
Malagas	2013	2 134 032	2 027 808
Swellendam	2030	1 778 606	1 274 004
Infanta	2021	641 251	609 218
Suurbraak	2013	2 721 098	917 259
Barrydale	2013	3 583 273	1 157 576
		<b>10 858 260</b>	<b>5 985 866</b>

The large changes in the estimated cost to rehabilitate the landfill sites is due to latest more reliable information

<b>6</b>	<b>CONSUMER DEPOSITS</b>		
	Water & Electricity	1 409 966	1 269 296
	<b>Total Consumer Deposits</b>	<b>1 409 966</b>	<b>1 269 296</b>
	<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<b>-</b>	<b>-</b>

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

<b>7</b>	<b>CURRENT EMPLOYEE BENEFITS</b>		
	Current Portion of Post Retirement Benefits - Note 4	584 496	523 968
	Current Portion of Long-Service Provisions - Note 4	188 675	256 971
	Provision for Staff Leave	3 233 610	3 160 631
	Staff Bonuses accrued	1 342 433	1 024 965
	Provision for Pension fund shortages	-	362 232
	Provision for Performance Bonuses	702 254	521 700
	<b>Total Current Employee Benefits</b>	<b>6 051 469</b>	<b>5 850 466</b>

The movement in current employee benefits are reconciled as follows:

**Provision for Staff Leave**

Balance at beginning of year	3 160 631	2 855 308
Contribution to current portion	270 936	490 357
Expenditure incurred	(197 957)	(185 034)
Balance at end of year	<b>3 233 610</b>	<b>3 160 631</b>

Staff leave accrued to employees according to a collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

**Staff Bonuses accrued**

Balance at beginning of year	1 024 965	962 824
Contribution to current portion	2 658 647	2 320 597
Expenditure incurred	(2 341 179)	(2 258 456)
Balance at end of year	<b>1 342 433</b>	<b>1 024 965</b>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent a portion of the bonus that has already vested for the current salary cycle. There is no possibility of reimbursement.

**Provision for Pension fund shortages**

Balance at beginning of year	362 232	328 772
Contribution to current portion		33 460
Written off	(362 232)	-
Balance at end of year	-	<b>362 232</b>

It was reported that the established investment return of the fund for the past financial year was -0.94%. Local authorities, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets.

**Performance Bonuses**

Balance at beginning of year	521 700	-
Contribution to current portion	564 872	521 700
Expenditure incurred	(384 318)	-
Balance at end of year	<b>702 254</b>	<b>521 700</b>

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

**8 PROVISIONS**

Current Portion of Rehabilitation of Landfill-sites - Note 4	4 855 218	2 945 067
<b>Total Provisions</b>	<b>4 855 218</b>	<b>2 945 067</b>

**9 PAYABLES FROM EXCHANGE TRANSACTIONS**

	2015 R	2014 R
Trade Payables	17 736 538	6 894 220
Accrued interest	669 114	684 196
Pre-Paid Electricity	300 410	271 177
Retentions and Guarantees	1 680 908	3 690 808
Other: Deposits	235 019	110 923
Debtors paid in advance	1 457 570	1 733 171
Other payables	224 242	364 270
<b>Total Trade Payables</b>	<b>22 303 800</b>	<b>13 748 766</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include hall, builders and housing Deposits.

The arrear portion of long term liabilities originated as a result of the municipality not settling in full the current portion of the annuity loan as disclosed in note 3.1.

**10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

**Unspent Grants**

National Government Grants  
Provincial Government Grants  
Other Grant Providers

6 979 931 2 374 529

115 000	
6 773 961	2 283 558
90 971	90 971

**Less:** Unpaid Grants

- (5 016 205)

National Government Grants  
Provincial Government Grants  
Other Grant Providers

-	(5 016 205)
-	
-	

**Total Conditional Grants and Receipts**

**6 979 932 (2 641 676)**

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

**11 UNSPENT PUBLIC CONTRIBUTIONS**

Description of unspent contribution  
Description of unspent contribution

- -  
- -

Total Unspent Public Contributions

- -

**12 TAXES**

**12.1 VAT PAYABLE**

VAT in suspense  
VAT output in suspense

- -  
- -

Total Vat payable

- -

**12.2 VAT RECEIVABLE**

VAT in suspense  
Total VAT receivable

1 745 765 4 931 855  
**1 745 765 4 931 855**

**12.3 NET VAT RECEIVABLE/(PAYABLE)**

**1 745 765 4 931 855**

VAT is receivable/payable on the cash basis.

**13 PROPERTY, PLANT AND EQUIPMENT**

See attached sheet

**SWELLENHAM MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

13 Property, Plant and Equipment  
30 JUNE 2015

	Cost						Accumulated Depreciation						Accumulated Impairment						Carrying value					
	Opening Balance R	Correction of errors	Restated Opening Balances	Additions R	Transfer to other assets	Disposals/Write off R	Closing Balance R	Opening Balance Accumulated Depreciation R	Correction of errors	Restated Opening Balances	Depreciation Charge R	Transfer to other assets	Disposal of Assets	Closing balance Accumulated Depreciation	Opening Balance Accumulated Impairment	Correction of errors	Restated Opening Balances	Impairments	Transfer to other assets	Disposals/Write off R	Closing balance Accumulated Impairments	Total Closing Balance R	R	
Land and Buildings	37 892 058	-	37 892 058	358 092	(561 000)	(1 074 186)	36 804 954	537 464	-	486 674	108 785	(7 705)	(40 362)	645 492	8 142 586	-	8 142 586	242 106	(61 800)	(103 043)	8 221 028	8 766 431	27 735 821	
Land	27 649 322	-	27 649 322	-	(93 902)	(359 432)	27 195 908	-	-	-	-	-	(40 362)	645 492	7 963 461	-	7 963 461	242 106	(10 210)	(30 913)	8 064 464	8 024 082	19 171 906	
Buildings	6 024 626	-	6 024 626	209 618	-	(714 764)	5 519 481	376 956	-	376 956	60 320	-	-	437 276	228 715	-	228 715	-	-	(72 130)	156 585	553 561	4 525 021	
Fencing	205 848	-	205 848	-	-	-	205 848	5 490	-	5 490	2 057	-	-	7 547	-	-	7 547	-	-	-	-	198 301	-	
Municipal Buildings	4 002 002	-	4 002 002	48 273	(487 968)	-	3 562 307	155 018	-	104 228	44 418	(7 705)	-	140 941	50 790	-	50 790	-	(50 790)	-	-	140 941	3 442 295	
Infrastructure	222 443 767	-	222 443 767	19 680 938	-	-	242 024 705	46 665 833	-	45 565 833	5 080 548	-	-	60 646 381	-	-	-	-	-	-	-	60 646 380	191 378 327	
Ridges, subways & culverts	11 232 550	-	11 232 550	1 022 533	-	-	12 255 083	997 751	-	997 751	132 894	-	-	1 130 645	-	-	-	-	-	-	-	1 130 645	11 124 438	
Mains	23 368 478	-	23 368 478	-	-	-	23 368 478	8 593 756	-	8 593 756	804 000	-	-	9 197 764	-	-	-	-	-	-	-	9 197 764	14 190 716	
Mixers	1 835 618	-	1 835 618	-	-	-	1 835 618	840 520	-	840 520	39 220	-	-	878 729	-	-	-	-	-	-	-	878 729	567 090	
Other	11 374 238	-	11 374 238	-	-	-	11 374 238	880 508	-	880 508	199 787	-	-	1 060 295	-	-	-	-	-	-	-	1 060 295	10 313 943	
Other roads	38 536 513	-	38 536 513	822 220	-	-	39 358 733	14 057 633	-	14 057 633	2 436 909	-	-	16 494 542	-	-	-	-	-	-	-	16 494 542	22 864 192	
Pump stations	2 164 158	-	2 164 158	172 227	-	-	2 336 385	964 737	-	964 737	113 287	-	-	1 108 024	-	-	-	-	-	-	-	1 108 024	1 248 361	
Purification works	2 560 068	-	2 560 068	3 629 157	-	-	5 229 225	1 389 076	-	1 389 076	227 583	-	-	1 616 358	-	-	-	-	-	-	-	1 616 358	4 586 595	
Renewables & tanks	8 579 012	-	8 579 012	-	-	-	8 579 012	3 274 686	-	3 274 686	171 920	-	-	3 446 606	-	-	-	-	-	-	-	3 446 606	5 132 406	
Sewers	23 004 610	-	23 004 610	11 485 102	-	-	34 489 712	9 924 652	-	9 924 652	686 864	-	-	10 611 516	-	-	-	-	-	-	-	10 611 516	23 878 196	
Supply/ratification	18 312 103	-	18 312 103	116 984	-	-	19 429 087	4 185 227	-	4 185 227	446 992	-	-	4 632 219	-	-	-	-	-	-	-	4 632 219	14 818 866	
Switchgear equipment	294 646	-	294 646	-	-	-	294 646	112 085	-	112 085	6 511	-	-	118 196	-	-	-	-	-	-	-	118 196	175 450	
Traffic lights	514 275	-	514 275	-	-	-	514 275	354 613	-	354 613	15 573	-	-	370 166	-	-	-	-	-	-	-	370 166	144 089	
Work in progress	79 807 298	-	79 807 298	2 336 715	-	-	81 944 013	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81 944 013	
Community Assets	14 623 831	-	14 623 831	659 209	-	-	15 183 040	688 206	-	586 206	113 376	-	-	609 881	800 062	-	800 062	-	-	-	-	800 062	1 499 833	13 683 406
Gymnasiums	139 000	-	139 000	-	-	-	139 000	1 040	-	1 040	173	-	-	1 213	-	-	-	-	-	-	-	1 213	137 787	
Clinics/hospitals	327 074	-	327 074	-	-	-	327 074	16 990	-	16 990	2 832	-	-	18 822	-	-	-	-	-	-	-	18 822	307 253	
Community Centres	2 520 185	-	2 520 185	204 487	-	-	2 724 672	157 522	-	157 522	32 690	-	-	190 212	-	-	-	-	-	-	-	190 212	2 534 464	
Indoor Sports	1 231 320	-	1 231 320	-	-	-	1 231 320	58 922	-	58 922	11 297	-	-	70 119	3 500	-	3 500	-	-	-	-	73 619	1 257 701	
Libraries	3 167 999	-	3 167 999	354 722	-	-	3 522 721	130 801	-	130 801	25 097	-	-	155 898	136 742	-	136 742	-	-	-	-	294 640	3 228 061	
Office Buildings	2 089 003	-	2 089 003	-	-	-	2 089 003	83 104	-	83 104	13 848	-	-	96 952	78 310	-	78 310	-	-	-	-	175 262	1 913 740	
Outdoor sports facilities	2 116 000	-	2 116 000	-	-	-	2 116 000	57 702	-	57 702	9 630	-	-	67 412	212 000	-	212 000	-	-	-	-	279 412	1 836 566	
Parks	2 834 611	-	2 834 611	-	-	-	2 834 611	51 072	-	51 072	6 512	-	-	59 584	367 500	-	367 500	-	-	-	-	427 084	2 407 527	
Public conveniences/bathhouses	38 566	-	38 566	-	-	-	38 566	5 057	-	5 057	1 234	-	-	6 291	-	-	-	-	-	-	-	6 291	32 274	
Tip sites	160 070	-	160 070	-	-	-	160 070	24 016	-	24 016	6 062	-	-	32 078	-	-	-	-	-	-	-	32 078	127 992	
Lease Assets	747 848	-	747 848	-	-	(6 153)	741 695	286 516	-	286 516	246 962	-	(6 153)	527 324	-	-	-	-	-	-	-	527 324	214 071	
Office Equipment	747 548	-	747 548	-	-	(6 153)	741 395	286 515	-	286 515	246 962	-	(6 153)	527 324	-	-	-	-	-	-	-	527 324	214 071	
Other Assets	18 770 999	-	18 770 999	1 232 512	-	(112 635)	20 890 876	9 954 058	-	9 804 080	1 988 415	-	(72 822)	11 717 653	-	-	-	-	-	-	-	11 717 653	8 173 221	
Air conditioners	420 863	-	420 863	181 736	-	-	602 599	575 188	-	575 188	219 474	-	-	53 115	(5 580)	-	267 009	-	-	-	-	267 009	308 180	
Cabinets/cupboards	806 145	-	806 145	27 300	-	-	833 445	824 274	-	824 274	246 231	-	-	41 551	(3 524)	-	283 958	-	-	-	-	283 958	540 316	
Chairs	1 075 040	-	1 075 040	6 475	-	-	1 081 515	1 075 221	-	1 075 221	328 356	-	-	58 982	(2 090)	-	363 332	-	-	-	-	363 332	892 888	
Computer hardware	2 505 093	-	2 505 093	542 779	-	-	3 047 872	3 024 103	-	3 024 103	1 243 106	-	-	1 243 106	(19 802)	-	1 560 737	-	-	-	-	1 560 737	1 483 365	
General plant	706 846	-	706 846	-	-	-	706 846	532 921	-	532 921	79 219	-	-	(900)	611 240	-	611 240	-	-	-	-	611 240	94 578	
Generator	251 077	-	251 077	-	-	-	251 077	148 332	-	148 332	35 050	-	-	(4 750)	180 233	-	180 233	-	-	-	-	180 233	55 384	
Graders	1 136 060	-	1 136 060	-	-	-	1 136 060	362 840	-	362 840	116 238	-	-	501 078	-	-	501 078	-	-	-	-	501 078	835 002	
Lawnmowers	296 203	-	296 203	117 810	-	-	414 013	388 351	-	388 351	75 991	-	-	(4 667)	102 143	-	102 143	-	-	-	-	102 143	296 209	
Mechanical hoists	1 251 043	-	1 251 043	-	-	-	1 251 043	537 110	-	537 110	63 667	-	-	600 767	-	-	600 767	-	-	-	-	600 767	650 278	
Miscellaneous furniture	832 123	-	832 123	224 807	-	-	1 056 930	1 045 532	-	1 045 532	436 067	-	-	436 067	(8 073)	-	506 806	-	-	-	-	506 806	535 723	
Office machines	350 901	-	350 901	-	-	-	350 901	345 656	-	345 656	228 766	-	-	225 766	44 901	-	273 367	-	-	-	-	273 367	72 291	
Radio equipment	174 025	-	174 025	-	-	-	174 025	123 053	-	123 053	17 314	-	-	(4 445)	135 822	-	135 822	-	-	-	-	135 822	34 693	
Security systems	103 342	-	103 342	-	-	-	103 342	54 104	-	54 104	16 011	-	-	(3 420)	66 695	-	66 695	-	-	-	-	66 695	36 646	
Tables/desks	911 568	-	911 568	15 855	-	-	927 423	924 230	-	924 230	253 259	-	-	253 259	(1 413)	-	299 922	-	-	-	-	299 922	624 306	
Telecommunication equipment	146 233	-	146 233	-	-	-	146 233	117 229	-	117 229	10 289	-	-	127 518	-	-	127 518	-	-	-	-	127 518	18 706	
Tipper	63 671	-	63 671	136 151	-	-	200 119	(1 232)	-	(1 232)	98 498	-	-	(13 843)	63 324	-	63 324	-	-	-	-	63 324	116 796	
Tools	795 483	-	795 483	-	-	-	795 483	534 583	-	534 583	10 203	-	-	544 786	-	-	544 786	-	-	-	-	544 786	250 095	
Tractors	231 143	-	231 143	-	-	-	231 143	96 322	-	96 322	818 132	-	-	714 454	-	-	714							



SWELLENDAAM MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

30 JUNE 2014

	Cost						Accumulated Depreciation						Accumulated Impairment						Carrying value				
	Opening Balance R	Corrections of errors	Restated Opening Balances	Additions R	Transfer to other assets	Disposals/Write off R	Closing Balance R	Opening Balance R	Corrections of errors	Restated Opening Balances	Depreciation Charge R	Transfer to other assets	Disposal of Assets	Closing balance Accumulated Depreciation	Opening Balance Accumulated Impairment	Corrections of errors	Restated Opening Balances	Transfer to other assets	Disposals/Write off R	Closing Accumulated Impairments	Total Closing Balance R	R	
Land and Buildings	38 376 347	(884 284)	37 492 063	388 975	-	-	37 602 064	405 663	(17 957)	387 707	98 967	-	-	486 674	-	(42 836)	(42 835)	8 185 801	-	-	8 142 966	8 628 640	29 252 416
Land	28 063 116	(432 794)	27 630 322	-	-	-	27 630 322	-	-	-	-	-	-	-	-	(26 825)	(26 825)	7 852 286	-	-	7 863 481	19 785 861	19 785 861
Buildings	6 338 328	(313 500)	6 024 828	-	-	-	6 024 828	339 137	(17 957)	321 180	55 178	-	-	378 966	-	(14 010)	(14 010)	242 725	-	-	228 715	626 671	5 419 156
Fencing	205 845	-	205 845	-	-	-	205 845	3 433	-	3 433	2 057	-	-	5 490	-	-	-	-	-	-	5 490	200 358	200 358
Municipal buildings	3 749 057	(136 970)	3 612 087	388 975	-	-	4 002 062	63 094	-	63 094	41 134	-	-	104 228	-	-	-	50 790	-	-	50 790	155 018	3 847 043
Infrastructure	202 785 158	14 739	202 797 053	18 765 882	-	(114 112)	222 443 766	38 387 686	(18 244)	38 381 311	8 236 987	-	(20 536)	45 066 833	-	-	-	-	-	-	45 066 833	178 877 938	178 877 938
Bridges, culverts & culverts	11 232 582	-	11 232 582	-	-	-	11 232 582	851 459	-	851 459	146 292	-	-	997 751	-	-	-	-	-	-	997 751	10 234 799	10 234 799
Mains	23 398 977	1 500	23 398 477	-	-	-	23 398 477	7 881 549	107	7 881 656	712 100	-	-	8 593 756	-	-	-	-	-	-	8 593 756	14 794 724	14 794 724
Motors	1 835 816	-	1 835 816	-	-	-	1 835 816	785 918	-	785 918	84 593	-	-	840 509	-	-	-	-	-	-	840 509	995 310	995 310
Other	11 374 236	-	11 374 236	-	-	-	11 374 236	643 050	(4 318)	638 738	217 458	-	-	860 508	-	-	-	-	-	-	860 508	10 513 731	10 513 731
Other roads	30 650 624	-	30 650 624	-	-	(114 112)	30 536 513	10 928 556	-	10 928 556	3 149 810	-	(20 535)	14 057 633	-	-	-	-	-	-	14 057 633	24 478 081	24 478 081
Pump stations	2 184 157	-	2 184 157	-	-	-	2 184 157	845 308	(5 720)	838 588	155 151	-	-	994 737	-	-	-	-	-	-	994 737	1 189 421	1 189 421
Purification works	2 580 065	-	2 580 065	-	-	-	2 580 065	1 235 229	(245)	1 234 984	154 092	-	-	1 389 076	-	-	-	-	-	-	1 389 076	1 150 990	1 150 990
Reservoirs & tanks	8 579 010	-	8 579 010	-	-	-	8 579 010	3 047 068	(414)	3 046 654	228 032	-	-	3 274 686	-	-	-	-	-	-	3 274 686	5 304 326	5 304 326
Sewers	23 004 609	-	23 004 609	-	-	-	23 004 610	9 860 747	-	9 860 747	663 905	-	-	9 924 652	-	-	-	-	-	-	9 924 652	13 079 956	13 079 956
Supply/collection	19 312 101	-	19 312 101	-	-	-	19 312 102	3 651 362	(5 654)	3 645 708	519 519	-	-	4 165 227	-	-	-	-	-	-	4 165 227	15 146 878	15 146 878
Switchgear equipment	294 645	-	294 645	-	-	-	294 645	103 925	-	103 925	8 760	-	-	112 685	-	-	-	-	-	-	112 685	181 961	181 961
Traffic lights	514 274	-	514 274	-	-	-	514 275	329 066	-	329 066	25 645	-	-	354 613	-	-	-	-	-	-	354 613	159 662	159 662
Work in progress	59 834 076	13 237	59 847 315	19 759 982	-	-	79 607 296	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79 607 296	79 607 296
Community Assets	14 486 861	138 970	14 623 933	-	-	-	14 623 931	487 688	-	487 688	98 516	-	-	605 206	-	-	-	960 062	-	-	800 062	1 585 268	13 237 871
Cemeteries	139 000	-	139 000	-	-	-	139 000	867	-	867	173	-	-	1 040	-	-	-	-	-	-	1 040	137 960	137 960
Clinics/hospitals	327 074	-	327 074	-	-	-	327 074	14 150	-	14 150	2 832	-	-	18 990	-	-	-	-	-	-	18 990	310 084	310 084
Community Centres	2 520 189	-	2 520 189	-	-	-	2 520 189	124 332	-	124 332	32 090	-	-	157 522	-	-	-	-	-	-	157 522	2 362 667	2 362 667
Indoor sports	1 231 320	-	1 231 320	-	-	-	1 231 320	47 637	-	47 637	11 165	-	-	58 822	-	-	-	3 500	-	-	3 500	62 322	1 168 998
Libraries	3 031 028	136 970	3 167 999	-	-	-	3 167 999	109 524	-	109 524	21 277	-	-	130 801	-	-	-	-	-	-	138 742	2 898 455	2 898 455
Office Buildings	2 089 003	-	2 089 003	-	-	-	2 089 003	70 643	-	70 643	12 481	-	-	83 104	-	-	-	-	-	-	78 310	1 027 589	1 027 589
Outdoor sports facilities	2 116 000	-	2 116 000	-	-	-	2 116 000	57 806	-	57 806	176	-	-	57 982	-	-	-	-	-	-	212 000	1 048 218	1 048 218
Parks	2 834 611	-	2 834 611	-	-	-	2 834 611	42 500	-	42 500	8 512	-	-	51 072	-	-	-	-	-	-	367 500	418 572	2 418 039
Public conveniences/bathrooms	38 566	-	38 566	-	-	-	38 566	3 823	-	3 823	1 234	-	-	5 057	-	-	-	-	-	-	5 057	33 508	33 508
Tip sites	180 070	-	180 070	-	-	-	180 070	16 018	-	16 018	7 998	-	-	24 016	-	-	-	-	-	-	24 016	136 054	136 054
Lease Assets	842 660	-	842 660	204 988	-	-	747 648	40 110	-	40 110	246 405	-	-	286 616	-	-	-	-	-	-	286 616	481 033	481 033
Office Equipment	542 560	-	542 560	204 988	-	-	747 548	40 110	-	40 110	246 405	-	-	286 515	-	-	-	-	-	-	286 515	481 033	481 033
Other Assets	10 963 066	89 893	10 952 959	902 408	-	(185 368)	10 770 898	8 280 483	46 906	8 307 369	1 700 146	-	(103 474)	9 804 060	-	-	-	-	-	-	9 804 060	9 865 837	9 865 837
Air conditioners	359 914	-	359 914	73 951	-	(13 002)	420 863	201 178	-	201 178	28 719	-	(10 421)	219 474	-	-	-	-	-	-	219 474	201 360	201 360
Cabinets/cupboards	771 808	(228)	771 580	40 262	-	(3 497)	806 145	211 805	(88)	211 537	37 738	-	(3 035)	246 234	-	-	-	-	-	-	246 234	561 914	561 914
Chairs	1 068 413	-	1 068 413	28 790	-	(23 162)	1 075 041	279 207	-	279 207	63 480	-	(14 311)	378 356	-	-	-	-	-	-	378 356	746 683	746 683
Computer hardware	2 000 327	72 783	2 073 110	439 753	-	(7 770)	2 505 093	1 011 021	37 074	1 048 095	201 705	-	(6 694)	1 243 106	-	-	-	-	-	-	1 243 106	1 261 985	1 261 985
General plant	706 849	-	706 849	-	-	-	706 849	455 294	-	455 294	77 827	-	-	532 921	-	-	-	-	-	-	532 921	173 926	173 926
Generator	254 508	(3 431)	251 077	-	-	-	251 077	120 864	(2 057)	118 927	29 405	-	-	148 332	-	-	-	-	-	-	148 332	102 745	102 745
Graders	1 130 090	-	1 130 090	-	-	-	1 130 090	325 251	-	325 251	57 549	-	-	382 840	-	-	-	-	-	-	382 840	753 240	753 240
Lawnmowers	155 002	-	155 002	141 281	-	-	296 283	51 368	-	51 368	24 623	-	-	75 991	-	-	-	-	-	-	75 991	220 294	220 294
Mechanical horses	1 261 569	-	1 261 569	-	-	(10 546)	1 251 043	490 671	-	490 671	47 253	-	(6 814)	557 110	-	-	-	-	-	-	557 110	537 110	537 110
Miscellaneous furniture	757 488	21 708	779 196	55 293	-	(2 366)	832 123	359 501	12 953	372 054	67 856	-	(1 842)	438 067	-	-	-	-	-	-	438 067	394 067	394 067
Office machines	351 699	-	351 699	4 053	-	(4 941)	350 881	205 379	-	205 379	26 324	-	(4 937)	228 766	-	-	-	-	-	-	228 766	122 215	122 215
Radio equipment	172 965	1 060	174 025	-	-	-	174 025	117 202	636	117 836	5 215	-	-	123 053	-	-	-	-	-	-	123 053	50 974	50 974
Security systems	106 663	-	106 663	-	-	(5 321)	103 342	37 216	-	37 216	19 464	-	(2 576)	94 104	-	-	-	-	-	-	94 104	49 238	49 238
Tablets/desks	881 877	-	881 877	34 554	-	(4 903)	911 506	208 437	-	208 437	48 310	-	(1 486)	253 259	-	-	-	-	-	-	253 259	658 307	658 307
Telecommunication equipment	145 120	(1 897)	143 223	-	-	-	143 223	106 940	-	106 940	108 288	-	-	117 228	-	-	-	-	-	-	117 228	28 995	28 995
Tipsters	-	-	-	83 671	-	-	83 671	-	(1 232)	(1 232)	-	-	-	-	-	-	-	-	-	-	-	84 903	84 903
Taxis	804 357	-	804 357	-	-	(8 674)	795 683	480 053	-	480 053	82 100	-	(7 576)	534 583	-	-	-	-	-	-	534 583	260 887	260 887
Tractors	231 143	-	231 143	-	-	-	231 143	74 119	-	74 119	22 203	-	-	96 322	-	-	-	-	-	-	96 322	134 870	134 870
Trucks/bakkies	6 841 948	-	6 841 948	-	-	(100 926)	6 741 023	3 095 261	-	3 095 261	737 487	-	(43 779)	3 788 979	-	-	-	-	-	-	3 788 979	2 952 044	2 952 044
Vehicles	950 8																						

	2015	2014
<b>13 Assets pledged as security:</b>		
All the assets obtained by financial leases are pledged as security.		
Carrying value of these assets :	214 071	461 033
<b>Third party payments received for losses incurred:</b>		
Payments received (Excluding VAT)	-	40 287
Carrying value of assets written off/lost	118 688	57 709
Deficit	<u>118 688</u>	<u>17 422</u>
<b>Impairment of property plant and equipment for the year</b>		
Impairment charges on Property, plant and equipment recognised in statement of financial performance		
Infrastructure	-	-
Land and Buildings	242 106	8 185 800
Community Assets	-	800 052
	<u>242 106</u>	<u>8 985 852</u>

	2015 R	2014 R
<b>14 INVESTMENT PROPERTY</b>		
<b>Net Carrying amount at 1 July</b>	<b>20 998 832</b>	<b>25 489 891</b>
Cost	28 142 306	25 728 662
Accumulated Depreciation	(319 503)	(238 770)
Accumulated Impairment	(6 823 971)	-
Acquisitions	-	-
Disposals	(18 500)	-
Depreciation for the year	(66 707)	(80 733)
Impairment	(471 000)	(6 823 971)
Transfers from Land and Buildings	561 000	1 455 144
Transfers from Heritage Assets	-	958 500
<b>Net Carrying amount at 30 June</b>	<b>21 003 625</b>	<b>20 998 833</b>
Cost	28 684 808	28 142 306
Accumulated Depreciation	(386 209)	(319 503)
Accumulated Impairment	(7 294 971)	(6 823 971)
Impairment charges on Investment Properties recognised in statement of financial performance	471 000	6 797 711
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
Revenue derived from the rental of investment property	322 477	229 973
Operating expenditure incurred on properties generating revenue	173 770	235 407

	2015 R	2014 R
<b>15 INTANGIBLE ASSETS</b>		
<b>Computer Software</b>		
<b>Net Carrying amount at 1 July</b>	<b>127 362</b>	<b>109 794</b>
Cost	400 591	373 239
Accumulated Amortisation	(273 229)	(263 445)
Accumulated Impairment	-	-
Additions	361 659	27 352
Amortisation	(32 498)	(9 784)
Impairments	-	-
Disposals	-	-
<b>Net Carrying amount at 30 June</b>	<b>456 522</b>	<b>127 362</b>
Cost	762 250	400 591
Accumulated Amortisation	(305 728)	(273 229)
Accumulated Impairment	-	-

The following material intangible assets are included in the carrying value above

<u>Description</u>	<u>Remaining Amortisation Period</u>	<u>Carrying Value</u>	
		2015 R	2014 R
Microsoft Office and Windows software	5-10 years	456 522	127 362

No intangible asset assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

	2015 R	2014 R
<b>16 HERITAGE ASSETS</b>		

<b>Net Carrying amount at 1 July</b>	<b>2 475 910</b>	<b>4 109 054</b>
Acquisitions	-	-
Disposals	-	-
Impairments	-	(178 000)
Reversal of Impairment losses	-	-
Transfers to Investment Properties	-	(1 455 144)
<b>Net Carrying amount at 30 June</b>	<b>2 475 910</b>	<b>2 475 910</b>
Cost	2 653 910	2 653 910
Accumulated Impairment	(178 000)	(178 000)

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

#### 17 CAPITALISED RESTORATION COST

<b>Net Carrying amount at 1 July</b>	<b>211 246</b>	<b>293 717</b>
Additions	3 004 709	-
Depreciation	(2 783 609)	(33 102)
Impairment	(22 664)	(49 369)
<b>Net Carrying amount at 30 June</b>	<b>409 682</b>	<b>211 246</b>
Cost..	5 678 525	2 673 816
Accumulated Depreciation..	(4 869 659)	(2 086 050)
Accumulated Impairments..	(399 184)	(376 520)

Refuse tip-sites financed by way of a provision - Refer to note 5

<b>409 682</b>	<b>211 246</b>
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#### 18 LONG-TERM RECEIVABLES

	<b>2015</b>	<b>2014</b>
Housing Loan Scheme	286 222	286 222
Written -off	(286 222)	-
	-	286 222
<b>Less:</b> Current portion transferred to current receivables	-	68 874
Housing Loan Scheme		68 874
	-	217 348
<b>Less:</b> Provision for Impairment	-	-
<b>Total Long Term Receivables</b>	<b>-</b>	<b>217 348</b>

The carrying amount of these assets approximates their fair value.

#### HOUSING LOAN SCHEME

The outstanding amount relates to prior years and is still collectable. Housing loans attract interest at average 7% per annum and which are repayable over a maximum period of 20 years. These loans have been written-off during the current reporting year.

#### 19 INVENTORY

Consumable Stores - Stationery and materials - At cost	1 221 185	1 444 050
Water - at cost	47 692	21 993
Unsold Plots - At cost	10 554 500	10 816 000
<b>Total Inventory</b>	<b>11 823 377</b>	<b>12 282 043</b>

Consumable stores materials written down due to losses as identified during the annual stores counts.

<b>64 305</b>	<b>-</b>
---------------	----------

Consumable stores materials surpluses identified during the annual stores counts.

Inventory recognised as an expense during the year

	-	-
	1 242 708	989 322

No inventory assets were pledged as security for liabilities.

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#### RECEIVABLES FROM EXCHANGE TRANSACTIONS

Electricity	7 314 581	8 334 192
Water	5 194 441	4 993 904
Refuse	3 547 782	3 203 657
Sewerage	5 618 382	5 231 051
Rentals	277 649	304 377
Sundry Receivables	2 008 498	1 681 823
<b>Total Receivables from Exchange Transactions</b>	<b>23 961 332</b>	<b>23 749 004</b>
Less: Allowance for Doubtful Debts	(16 825 402)	(16 078 604)
<b>Total Net Receivables from Exchange Transactions</b>	<b>7 135 930</b>	<b>7 670 400</b>

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions:

#### (Electricity): Ageing

Current (0 - 30 days)	3 452 048	3 972 889
31 - 60 Days	444 243	720 873
61 - 90 Days	137 162	452 275
+ 90 Days	3 281 128	3 188 155
<b>Total</b>	<b>7 314 581</b>	<b>8 334 192</b>

(Water): Ageing

Current (0 - 30 days)	952 169	1 018 046
31 - 60 Days	339 186	344 727
61 - 90 Days	194 346	300 770
+ 90 Days	3 708 740	3 330 360
<b>Total</b>	<b>5 194 441</b>	<b>4 993 904</b>

(Refuse): Ageing

Current (0 - 30 days)	568 236	519 768
31 - 60 Days	229 921	231 751
61 - 90 Days	106 363	188 308
+ 90 Days	2 643 262	2 263 829
<b>Total</b>	<b>3 547 782</b>	<b>3 203 657</b>

(Sewerage): Ageing

Current (0 - 30 days)	862 373	850 015
31 - 60 Days	368 153	374 169
61 - 90 Days	160 715	307 395
+ 90 Days	4 227 141	3 699 472
<b>Total</b>	<b>5 618 382</b>	<b>5 231 051</b>

(Rentals): Ageing

Current (0 - 30 days)	26 139	23 906
31 - 60 Days	22 525	76 160
61 - 90 Days	15 871	60 593
+ 90 Days	213 114	143 718
<b>Total</b>	<b>277 649</b>	<b>304 377</b>

(Sundry): Ageing

Current (0 - 30 days)	131 184	183 067
31 - 60 Days	68 290	66 469
61 - 90 Days	39 803	36 409
+ 90 Days	1 769 421	1 395 878
<b>Total</b>	<b>2 008 498</b>	<b>1 681 823</b>

(Total): Ageing

Current (0 - 30 days)	5 992 149	6 567 692
31 - 60 Days	1 472 317	1 814 149
61 - 90 Days	654 060	1 345 750
+ 90 Days	15 842 805	14 021 413
<b>Total</b>	<b>23 961 332</b>	<b>23 749 003</b>

**Reconciliation of Provision for Bad Debts**

Balance at beginning of year	16 078 604	16 160 832
Contribution to provision/(Reversal of provision)	746 798	145 849
Bad Debts Written Off		(228 077)
<b>Balance at end of year</b>	<b>16 825 402</b>	<b>16 078 604</b>

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

## 21 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2015 R	2014 R
Rates	11 909 510	14 252 111
Other Receivables	25 975 436	11 842 844
Suspense Debtors	25 975 436	11 842 844
<b>Total Receivables from Non-Exchange Transactions</b>	<b>37 884 947</b>	<b>26 094 955</b>
Less: Allowance for Doubtful Debts	(29 145 084)	(21 366 436)
<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>8 739 863</b>	<b>4 728 519</b>

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

Refer to note 18 for balances deferred beyond 12 months from year end.

### Ageing of Receivables from Non-Exchange Transactions:

#### (Rates): Ageing

Current (0 - 30 days)	1 906 014	2 172 594
31 - 60 Days	654 555	595 893
61 - 90 Days	216 642	574 509
+ 90 Days	9 132 300	10 909 115
<b>Total</b>	<b>11 909 510</b>	<b>14 252 111</b>

### Reconciliation of Provision for Bad Debts

Balance at beginning of year	21 366 436	14 074 767
Contribution to provision/(Reversal of provision)	(2 394 114)	(1 719 602)
Contribution to provision	10 519 597	9 011 271
Bad Debts Written Off	(346 835)	
<b>Balance at end of year</b>	<b>29 145 084</b>	<b>21 366 436</b>

The entire provision for bad debts relates to the outstanding rates balance.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

## 22 OPERATING LEASE ARRANGEMENTS

### The Municipality as Lessor (Asset)

Balance on 1 July	19 973	2 221
Movement during the year	(3 784)	17 752
<b>Balance on 30 June</b>	<b>16 189</b>	<b>19 973</b>

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	37 981	40 052
1 to 5 Years	84 573	56 775
More than 5 Years	18 709	7 606
<b>Total Operating Lease Arrangements</b>	<b>141 263</b>	<b>104 433</b>

This lease income was determined from contracts that have a specific conditional income. The leases are in respect of land and buildings being leased out for periods ranging until June 2031

The municipality does not engage in any sub-lease arrangements. The municipality did not pay any contingent rent during the year

## 23 CASH AND CASH EQUIVALENTS

### Assets



Call Investments Deposits	-	-
Bank Accounts	36 659 419	1 922 667
Cash Floats	6 171	3 950
<b>Total Cash and Cash Equivalents - Assets</b>	<b>36 665 590</b>	<b>1 926 617</b>

Cash and cash equivalents comprise of cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Bank overdraft facility of R1 400 000 exists at FNB.

The municipality has the following bank accounts:

Current Accounts

Fist National Bank- Swellendam- Account number 53840005730-(Primary Account)  
ABSA - Barrydale- Account Number 2390560039

40 369 160	11 952 328
241 685	2 848 656

Current Accounts

Cash book balance at beginning of year  
Cash book balance at end of year

1 922 667	3 888 703
36 659 419	1 922 667

Bank statement balance at beginning of year  
Bank statement balance at end of year

14 800 984	9 461 290
40 610 845	14 800 984

**PROPERTY TAXES****Actual****Rateable Land and Buildings**

Rateable Land and Buildings

Less: Rebates

**Total Assessment Rates****2015  
R****2014  
R**

29 501 614 40 934 128

29 501 614 40 934 128

3 092 334 15 710 903

26 409 281 25 223 225

**Valuations - 1 JULY 2014 (Plus Interim Valuations)****Rateable Land and Buildings**

Residential Properties - Sec 8(2)(a)

Industrial Properties - Sec 8(2)(b)

Business and Commercial Properties - Sec 8(2)(c)

Farm Agricultural Purposes - Sec 8(2)(d)(i)

Farm Commercial Purposes - Sec 8(2)(d)(ii)

Farm Residential Purposes - Sec 8(2)(d)(iii)

Farm Other Purposes - Sec 8(2)(d)(iv)

Farm Not use for any Purposes - Sec 8(2)(e)

Small Holdings Agricultural - Sec 8(2)(f)(i)

Small Holdings Residential Purposes - Sec 8(2)(f)(ii)

Small Holdings Business Purposes - Sec 8(2)(f)(iii)

State Owned - Sec 8(2)(g)

Municipal Owned - Sec 8(2)(h)

Public Service Infrastructure - Sec 8(2)(i)

National Monuments - Sec 8(2)(p)

Public Benefit Organisations - Sec 8(2)(q)

2 693 338 800 2 598 385 950

62 970 000 62 970 000

394 443 000 394 443 000

2 487 563 323 2 487 563 323

68 276 000 68 276 000

41 605 000 41 605 000

470 000 470 000

18 485 000 18 485 000

212 000 212 000

25 680 000 25 680 000

1 520 000 1 520 000

201 735 000 201 735 000

163 302 500 163 302 500

1 760 200 1 760 200

13 470 000 13 470 000

85 527 500 85 527 500

6 260 358 323 6 165 405 473

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013.

**Rates:**

Residential

Commercial

Agricultural

0.7620c/R 0.71217c/R

0.7620c/R 0.71217c/R

0.1905c/R 0.17804c/R

Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

**GOVERNMENT GRANTS AND SUBSIDIES****Unconditional Grants**

Equitable Share

20 938 000 19 857 000

20 938 000 19 857 000

**Conditional Grants**

Grants and donations

62 378 243 51 780 275

62 378 243 51 780 275

**Total Government Grants and Subsidies**

83 316 243 71 637 275

83 316 243 71 637 275

Government Grants and Subsidies - Capital

Government Grants and Subsidies - Operating

21 755 829 23 805 094

61 560 414 47 832 182

83 316 243 71 637 275

83 316 243 71 637 275

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share

Corporate Services

Community Services

Engineers Service

Finance Service

Municipal Manager

20 938 000 19 857 000

643 106 1 428 754

36 515 083 21 422 458

21 882 034 24 956 092

2 901 000 3 972 971

437 020 -

83 316 243 71 637 275

83 316 243 71 637 275

The municipality does not expect any significant changes to the level of grants.

**Equitable share**

Opening balance	-	-
Grants received	20 938 000	19 857 000
Conditions met - Operating	(20 938 000)	(19 857 000)
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

## 25.2 Expanded Public Works Program (EPWP)

Opening balance	-	-
Grants received	1 305 000	1 000 000
Conditions met - Operating	(1 305 000)	(1 000 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

Health subsidies was used fund primary health care services in the municipal area.

## 25.3 Local Government Financial Management Grant (FMG)

Opening balance	-	-
Grants received	1 600 000	1 400 000
Conditions met - Operating	(1 600 000)	(1 400 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

## 25.4 Municipal Systems Improvement Grant

Opening balance	-	-
Grants received	934 000	890 000
Conditions met - Operating	-	(890 000)
Conditions met - Capital	(934 000)	-
Conditions still to be met	-	-

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

## 25.5 Municipal Infrastructure Grant (MIG)

Opening balance	-	-
Grants received	11 399 000	11 042 000
Paid back to National Treasury	-	-
Conditions met - Operating	(569 950)	(552 100)
Conditions met - Capital	(10 829 050)	(10 489 900)
Grant expenditure to be recovered	-	-

The grant was used to upgrade infrastructure in previously disadvantaged areas.

## 25.6 Housing Grants

Opening balance	1 544 429	(1 085 264)
Grants received	36 730 322	19 918 651
Conditions met - Operating	(32 091 848)	(17 288 959)
Conditions met - Capital	(1 212 083)	-
Grant expenditure to be recovered	4 970 820	1 544 429

Housing grants was utilised for the development of erven and the erection of top structures.

**25.7 Other Grants**

Opening balance	(4 186 103)	2 647 957
Grants received	20 031 527	13 325 256
Interest received on Investments		
Grants paid back to National Treasury		
Transfers		
Conditions met - Operating	(5 055 616)	(9 222 327)
Conditions met - Capital	(8 780 696)	(10 936 989)
Conditions still to be met	<u>2 009 112</u>	<u>(4 186 103)</u>

**25.8 Total Grants**

Opening balance	(2 641 675)	1 562 693
Grants received	92 937 849	67 432 907
Interest received on Investments	-	-
Grants paid back to National Treasury	-	-
Transfers	-	-
Conditions met - Operating	(51 560 414)	(50 210 385)
Conditions met - Capital	(21 755 829)	(21 426 889)
Conditions still to be met/(Grant expenditure to be recovered)	<u>6 979 931</u>	<u>(2 641 675)</u>

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	6 979 931	2 374 529
Unpaid Conditional Government Grants and Receipts	-	(5 016 205)
	<u>6 979 932</u>	<u>(2 641 676)</u>

**26 SERVICE CHARGES**

Electricity	55 511 938	54 250 136
Water	11 551 611	10 284 938
Refuse removal	8 190 083	6 739 746
Sewerage and Sanitation Charges	13 051 742	12 237 354
Other	6 306	19 030
	<u>88 311 680</u>	<u>83 541 205</u>
Less: Rebates	(6 584 101)	(6 281 783)
<b>Total Service Charges</b>	<u>81 727 579</u>	<u>77 259 422</u>

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

**27 OTHER INCOME**

Building Plans	540 514	524 324
Development Contribution	5 475	43 000
Hawkers Fees	11 713	11 569
Rezoning	209 677	185 337
Landfill sites Re- estimate	-	16 124 433
Pension fund shortfall provision-written-off	362 232	-
Other	3 813 465	4 382 349
<b>Total Other Income</b>	<u>4 943 076</u>	<u>21 271 010</u>

Sundry income represents sundry income such as building plans, sale of sundry items and fees for items not included under service charges (camping, fire brigade and impounding fees)

**EMPLOYEE RELATED COSTS**

Employee related costs - Salaries and Wages	39 039 905	35 537 050
Employee related costs - Contributions for UIF, pensions and medical aids	9 146 131	8 326 878
Travel, motor car, accommodation, subsistence and other allowances	4 015 848	3 862 783
Housing benefits and allowances	242 512	212 658
Overtime Payments	2 571 392	2 502 054
Long Service Awards	170 640	285 596
Post Retirement Medical	2 842 884	1 049 783
Performance bonuses	564 872	521 700
Standby	63 884	-
Bonus	2 658 647	2 320 597
Other	-	666 902
Staff Leave	270 936	490 357
<b>Total Employee Related Costs</b>	<b>61 587 651</b>	<b>55 776 357</b>

**KEY MANAGEMENT PERSONNEL**

Municipal Manager is appointed on a 5-year and all other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL****Remuneration of the Municipal Manager - Mr C Africa**

Annual Remuneration	1 178 207	1 134 902
Car Allowance	60 000	60 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	15 099	13 702
Cell phone allowance	12 000	-
<b>Total</b>	<b>1 265 306</b>	<b>1 208 604</b>

**Remuneration of the Director Engineering Services - Mr BG Badenhorst**

Annual Remuneration	667 667	636 249
Travelling Allowance	123 129	102 272
Contributions to UIF, Medical, Pension Funds and Bargaining Council	174 355	149 962
Cell phone allowance	9 600	5 468
<b>Total</b>	<b>974 751</b>	<b>893 951</b>

**Remuneration of the Director Community Services- KD Stuurman**

Annual Remuneration	542 160	-
Travelling Allowance	88 063	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	147 415	-
Cell phone allowance	8 000	-
<b>Total</b>	<b>785 638</b>	<b>-</b>

**Remuneration of the Director Financial Services - Mr H Schlebusch**

Annual Remuneration	745 914	531 341
Car Allowance	48 000	32 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	192 754	120 004
Cell phone allowance	9 600	5 469
<b>Total</b>	<b>996 268</b>	<b>688 814</b>

**Remuneration of the Director Corporate Services - Mr D du Plessis**

Annual Remuneration	772 333	760 241
Car Allowance	78 000	78 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	134 206	123 218
Cell phone allowance	9 600	5 039
<b>Total</b>	<b>994 139</b>	<b>966 498</b>

<b>29</b>	<b>REMUNERATION OF COUNCILLORS</b>		
	Executive Mayor allowance	697 231	659 151
	Deputy Executive Mayor allowance	562 678	532 214
	Speaker allowance	562 678	532 214
	Mayoral Committee Members allowances	529 040	500 480
	Councillors allowances	1 047 162	1 074 365
	<b>Total Councillors' Remuneration</b>	<b>3 398 789</b>	<b>3 298 424</b>
	<i>In-kind Benefits</i>		
	The Executive Mayor and all the committee members are part-time. The Mayor is provided with secretarial support and an office at the cost of the Council.		
<b>30</b>	<b>DEBT IMPAIRMENT</b>		
	Trade Receivables from non- exchange transactions	855 086	145 849
	Trade Receivables from exchange transactions	(2 394 114)	(1 719 602)
	<b>Correction of over provision recognised as revenue</b>	<b>(1 739 028)</b>	<b>(1 573 753)</b>
	Traffic Fines	10 519 597	9 011 271
	<b>Total Contribution to Debt Impairment</b>	<b>8 780 569</b>	<b>7 437 518</b>
<b>31</b>	<b>DEPRECIATION AND AMORTISATION</b>		
	Property Plant and Equipment	7 434 095	8 373 820
	Investment Property	66 707	80 733
	Intangible Assets	32 498	9 784
	Landfill Sites	2 783 609	33 102
		<b>10 316 909</b>	<b>8 497 439</b>
<b>32</b>	<b>IMPAIRMENTS and WRITE OFFS</b>		
	Landfill Sites	22 664	49 369
	Property Plant & Equipment	281 819	10 829 241
	Investment Properties	410 000	6 797 711
	Heritage Assets	-	178 000
		<b>714 483</b>	<b>17 854 321</b>
<b>33</b>	<b>FINANCE CHARGES</b>		
	Long-term Liabilities	4 015 217	3 909 268
	Finance leases	31 376	51 993
	Hire Purchases	92	9 842
	Post Employment Health	2 293 471	1 846 625
	Landfill Sites	1 867 714	-
	Pension fund shortfall	-	33 460
	Long service awards	169 377	154 393
	<b>Total finance charges</b>	<b>8 377 247</b>	<b>6 005 681</b>
<b>34</b>	<b>BULK PURCHASES</b>		
	Electricity	40 390 577	36 750 814
	<b>Total Bulk Purchases</b>	<b>40 390 577</b>	<b>36 750 814</b>
<b>35</b>	<b>GRANTS AND SUBSIDIES</b>		
	Swellendam Tourism	1 060 000	1 082 000
	Lower Breede River Conservancy	330 000	412 500
	<b>Total Grants and Subsidies</b>	<b>1 390 000</b>	<b>1 494 500</b>



36	GENERAL EXPENSES	2015 R	2014 R
	Accounting Support	2 690 999	4 267 211
	Audit Fees	3 149 470	3 747 616
	Agency Fees	1 618 250	1 454 596
	Bank Charges	660 303	560 202
	Contractor Fees	1 616 001	884 743
	Insurance	678 832	568 619
	Legal Fees	236 478	110 138
	Machinery Hire	966 738	585 417
	Material & Stock	1 001 436	1 168 147
	New Connections	57 122	136 315
	Postage	665 663	508 803
	Refuse bags	181 625	225 549
	Rentals	73 154	71 480
	Security	753 589	794 369
	Special Projects	401 115	17 261 443
	Stationery and Printing	486 296	518 860
	Storm water drainage	-	450 780
	Subscription Fees	638 489	888 691
	Subsistence and Travel	680 280	412 577
	Telephone	1 356 818	1 335 398
	Training	1 512 804	872 453
	Workmen's Compensation	-	358 820
	Other	38 802 593	7 469 083
	General Expenses	<b>58 228 056</b>	<b>44 661 310</b>

### 37 CORRECTION OF ERRORS IN TERMS OF GRAP 3

#### Prior year adjustments due to non-compliance with accounting policy and errors

- 37.1 (i) As part of a VAT review performed by PWC, it was found that VAT amounted to R427 946.10, representing VAT for the periods 2009/10 to 2012/13, was incorrectly not included in previous VAT 201 claims, with the result that the VAT amount in the ledger is overstated. This error is now corrected with the following entries :  
(Dt) Accumulated Surplus -prior years (Ct) VAT 427 946.10
- (ii) At yearend 2014 Financial year, grant expenditure for RBIG was incorrectly not recovered from the Unspent Grant account with the result that Unspent Grants were overstated and the Accumulated Surplus ( Government Grants and Subsidies- capital), was understated with R2 637 957.35 . This error is now retrospectively corrected with the following entry: (Dt) Unpaid Conditional Government Grants and (Ct) Accumulated Surplus - current year ( Government Grants and subsidies) R2 637 957.35
- (iii) The latest updated consulting engineers report for dumping sites indicating that the past method followed to report and accounting the provisions to rehabilitate the dumping sites was erroneously calculated on the basis that the sites have reached full capacity, instead of making provisions only on the volumes actually used, with the result that the provisions and the capitalized cost have been overstated in the prior years and the previous Financial year. This error is now corrected with the following entries: (Dt) Non current provisions - Landfill sites, (Ct) Accumulated Surplus- prior years R372 567, (Dt) Accumulated Depreciation - ( Landfill sites ) R4 393 176 (Ct) Accumulated Impairment - ( Landfill sites ) R192 177 (Ct) Capitalized Restoration Cost (Asset) R4 422 511 (Dt) Accumulated Surplus -prior years R221 512
- (iv) Stock was found which was previously erroneously excluded from stock counts. This error is now retrospectively corrected since 30 June 2013 with the following entry : (Dt) Inventory R263 202.27 and (Ct) Accumulated Surplus R263 202.27
- (v) Heritage Assets were excluded from the assets which were recognised and measured for the first time. This error is now corrected retrospectively from 1 July 2012 with the following entries : (Dt) Heritage Assets R655 704.54 and (Ct) Accumulated Surplus - prior years R655 704.54
- (vi) During the previous financial year the VAT portion of the expenditure on the Housing settlement grant was erroneously not transferred to revenue as recognition of the zero rated tax ruling with the result that the governments grants revenue and the Unpaid Government Grants were understated. This error is now corrected retrospectively with the following entries : (Dt) Unspent Government Grants R2 378 247.28 and (Ct) Accumulated Surplus- prior year R2 378 247.28
- (vii) With the annual review of the infrastructure assets it was noted that assets ( cost R462 549.37), were incorrectly classified as expenditure (maintenance) and on the other hand, assets to the value of R447 812.67 ( cost) were incorrectly capitalised and not recognized as expenditure (maintenance) with the result that Property Plant and Equipment (cost) and Accumulated Depreciation was understated in the 2013/14 financial year. These errors are now retrospectively corrected with the following entries : (Dt) Property Plant and Equipment (cost) - R14 736.70, (Ct) Accumulated Depreciation - R107.07 (Ct) Accumulated Surplus- current year R14 736.70 (repairs and maintenance) (Dt) Acc Surplus - current year R107.07 (depreciation)
- (viii) With the review of the useful lives of the infrastructure assets it was noted that some of the initial life times were wrong. This error is now corrected with the following entries : (Ct) Accumulated Surplus -prior years R12 881.96 (Ct) Accumulated Surplus -current year -R3 468.80 (depreciation) and (Dt) Accumulated Depreciation R16 350.76
- (ix) With the asset review it was also noted that erf 2560 Swellendam was incorrectly classified as inventory instead of PPE- Land and Buildings, with the result that the impairment provision for 2014/15 was also wrong. This error is now retrospectively rectified with the following entries : (Dt) Property, Plant and Equipment- (Land and Buildings) R47 000, (Ct) Inventory

- (x) With the reconciliation of the deeds office report and the supplementary valuation roll, property was identified and it is now capitalized retrospectively to 01 July 2008 with the following entries: (Dt)Property Plant and Equipment- Land (Ct) Accumulated Surplus - prior years - R1428.58
- (xi) With the reconciliation of the deeds office report and the Land and Buildings in PPE, it was noted that Land was erroneously included in the first time recognition of assets in 2008. This error is now retrospectively corrected with the following entries:(Dt) Accumulated Surplus -prior years and (Ct) Property, Plant and Equipment- Land and Buildings -R722.12
- (xii) With the asset count it was found that assets to the value of R11 016.28 (cost) were duplicated and assets to the value of R101 011.69 (cost) have not been capitalized. This has the result that Property, Plant and Equipment -(other assets) was previously understated. This error is now corrected retrospectively to 1 July 2008 with the following entries : (Dt) Property, Plant and Equipment- (other assets) -cost R89 995.41 (Ct) Accumulated Depreciation -(other assets) R 46 906.08 (Ct) Accumulated Surplus - prior years R51 199.98 (Dt) Accumulated Surplus -current year R8 110.65
- (xiii) Investment Properties with the value of R357 142.85 (cost) were found on the supplementary valuation roll which have not previously been capitalized. Furthermore 9 erven with the value of R505000 (cost) which were previously capitalized as Investment Properties, are now identified that they are not municipal properties. These errors are now retrospectively corrected since 1July2008 with the following entries.(Dt) Investment Properties -cost R306 64; (Ct) Accumulated Surplus -prior years R307 567.22 (Ct) Accumulated Surplus-current year R16 278.58 (Dt) Accumulated Depreciation R627.31 (Dt) Accumulated impairments R16 575.64
- (xiv) The intention/use of erf 1378 Swellendam has changed since 01/07/2014 to Investment Property. It is now retrospectively rectified with the following entries: (Dt) Investment Properties (Ct) Property, Plant and Equipment - R958 500 - cost (Dt) Accumulated depreciation - Property, Plant and Equipment - Land and buildings (Ct) Accumulated depreciation- Investment properties R15664.26.(Dt) Accumulated depreciation - Land and Buildings- depreciation current year (Ct) Accumulated depreciation-Investment Properties-depreciation current year R2 292.81. (Dt) Accumulated impairment - Land and Buildings (Ct) Accumulated impairments - Investment properties-R42 835.73
- (xv) With the annual assessment of the Intangible assets remaining useful lives, it was found that some of the assets have been incorrectly connected to wrong useful life periods. Those errors are now retrospectively corrected with the following entries : (Dt) Accumulated amortisation R48 566.59 (Ct) Accumulated Surplus -prior years R38 624.80 (Ct)Accumulated Surplus-current year- amortisation R9 941.79
- (xvi) Plots 13 and 14 (value R1 902 000) which were held as inventory , have not been impaired the previous year after the new valuation roll was used to determined possible impairments .It was also found that an RDP house with a value of R60 000 was erroneously included as inventory. These errors are now retrospectively corrected with the following entries: (Dt)Accumulated Surplus -current year R1 902 000 (Dt) Accumulated Surplus prior years R 60 000 (Ct) and (Ct) Inventory R1 962 000
- (xvii) With the finalization of the RBIC Government Grant it was noted that claims for retention fees applicable since the inception of the project, was erroneously allocated to the Unspent Government Grant account and not revenue, with the result that the Unspent Grants was overstated. This error is now retrospectively rectified with the following entries : (Dt) Unspent Government Grants R2 508 085.07, and (Ct) Accumulated Surplus - prior years (2012/13)-Government grants and subsidies R2 508 085.07
- (xviii) A plot which was previously sold and de-recognised as an asset, was bought back by the municipality in 2009.It was now found that the land was not afterwards recognised as an Asset. This error is now retrospectively corrected with the following entries: (Dt) PPE and (Ct) Accumulated Surplus-prior years with R163 500

**The above note 37.1 representing the narratives of the following Corrections of Errors as set out from notes 37.2 to 37.13**

37.2	Accumulated Surplus	2014	2013
		R	R
	Balance previously reported	189 226 215	173 814 488
	Correction of error- see note 37.1.(i)	(427 946)	(427 946)
	Correction of error- see note 37.1.(ii)	2 637 957	-
	Correction of error- see note 37.1.(iii)	372 567	372 567
	Correction of error- see note 37.1.(iii)	(221 512)	(221 512)
	Correction of error- see note 37.1.(iv)	263 202	263 202
	Correction of error- see note 37.1.(v)	655 705	655 705
	Correction of error- see note 37.1.(vi)	2 378 247	-
	Correction of error- see note 37.1.(vii)	14 737	-
	Correction of error- see note 37.1.(viii)	(107)	-
	Correction of error- see note 37.1.(viii)	16 351	12 882
	Correction of error- see note 37.1.(x)	1 429	1 429
	Correction of error- see note 37.1.(xi)	(722)	(722)
	Correction of error- see note 37.1.(xii)	51 200	51 200
	Correction of error- see note 37.1.(xii)	(8 111)	-
	Correction of error- see note 37.1.(xiii)	323 846	307 567
	Correction of error- see note 37.1.(xv)	48 567	38 625
	Correction of error- see note 37.1.(xvi)	(1 962 000)	(60 000)
	Correction of error- see note 37.1.(xvii)	2 508 085	2 508 085
	Correction of error- see note 37.1.(xviii)	163 500	163 500
	Restated balance	196 041 209	177 479 069
37.3 VAT		R	R
	Balance previously reported	5 359 802	2 241 053
	Correction of error-see note 37.1.(i)	(427 946)	(427 946)
	Restated balance	4 931 856	1 813 107

<b>37.4</b>	<b>Unpaid Conditional Government Grants and Subsidies</b>		
	<b>Balance previously reported</b>	<b>R</b>	<b>R</b>
	Correction of error-see note 37.1.(ii)	4 882 614	4 070 775
	Correction of error-see note 37.1.(vi)	(2 637 957)	
	Correction of error- see note 37.1.(xvii)	(2 378 247)	
		(2 508 085)	
	<b>Restated balance</b>	<b>(2 641 676)</b>	<b>4 070 775</b>
<b>37.5</b>	<b>Capitalised Restoration Cost</b>		
	<b>Balance previously reported</b>	<b>R</b>	<b>R</b>
	Correction of error-see note 37.1.(iii)- Accumulated Depreciation	432 758	464 543
	Correction of error-see note 37.1.(iii)- Accumulated Impairment	4 393 176	4 393 176
	Correction of error-see note 37.1.(iii)-Asset	(192 177)	(192 177)
		(4 422 511)	(4 422 511)
	<b>Restated balance</b>	<b>211 246</b>	<b>243 031</b>
<b>37.6</b>	<b>Heritage Assets</b>		
	<b>Balance previously reported</b>	<b>R</b>	<b>R</b>
	Correction of error-see note 37.1.(v)	1 820 206	3 453 349
		655 705	655 704.54
	<b>Restated balance</b>	<b>2 475 911</b>	<b>4 109 054</b>
<b>37.7</b>	<b>Non Current Provisions - Landfill sites</b>		
	<b>Balance previously reported</b>	<b>R</b>	<b>R</b>
	Correction of error-see note 37.1.(iii)	6 358 433	22 482 866
		(372 567)	(372 567)
	<b>Restated balance</b>	<b>5 985 866</b>	<b>22 110 299</b>
<b>37.8</b>	<b>Property Plant and Equipment</b>		
	<b>Balance previously reported</b>	<b>R</b>	<b>R</b>
	Correction of error-see note 37.1.(vii)- cost	230 308 226	226 591 287
	Correction of error-see note 37.1.(vii)-depreciation	14 737	
	Correction of error-see note 37.1.(viii)-depreciation	(107)	
	Correction of error-see note 37.1.(ix)-Inventory	16 351	12 882
	Correction of error- see note 37.1.(x)	47 000	
	Correction of error-see note 37.1.(xi)-cost	1 429	1 429
	Correction of error-see note 37.1.(xi)-cost	(722)	(722)
	Correction of error-see note 37.1.(xii)-cost	89 995	89 995
	Correction of error-see note 37.1.(xii)- depreciation	(46 906)	(38 795)
	Correction of error-see note 37.1.(xiv)- cost	(958 500)	(958 500)
	Correction of error-see note 37.1.(xiv)- depreciation	17 957	15 664
	Correction of error-see note 37.1.(xviii)- cost	42 836	
	Correction of error-see note 37.1.(xiv)- impairments	163 500	163 500
	<b>Restated balance</b>	<b>229 695 795</b>	<b>225 876 740</b>
<b>37.9</b>	<b>Inventory</b>		
	<b>Balance previously reported</b>	<b>R</b>	<b>R</b>
	Correction of error- see note 37.1.(iv)	14 027 841	16 643 084
	Correction of error- see note 37.1.(ix)	263 202	263 202
	Correction of error- see note 37.1.(xvi)	(47 000)	
		(1 962 000)	(60 000)
	<b>Restated balance</b>	<b>12 282 043</b>	<b>16 846 286</b>
<b>37.10</b>	<b>Investment Property</b>		
	<b>Balance previously reported</b>	<b>R</b>	<b>R</b>
	Correction of error- see note 37.1.(xiii)-cost	19 777 280	25 198 913
	Correction of error- see note 37.1.(xiii)-depreciation	306 643	306 643
	Correction of error- see note 37.1.(xiii)-impairments	627	924
	Correction of error-see note 37.1.(xiv)- cost	16 576	
	Correction of error-see note 37.1.(xiv)- depreciation	958 500	958 500
		(17 957)	(15 664)

	Correction of error-see note 37.1.(xiv)- impairments	(42 836)	
	<b>Restated balance</b>	<b>20 998 833</b>	<b>26 449 316</b>
<b>37.11</b>	<b>Intangible Assets</b>		
	<b>Balance previously reported</b>	<b>R</b>	<b>R</b>
	Correction of error- see note 37.1.(xv)-amortisation	78 795	71 170
	<b>Restated balance</b>	<b>48 567</b>	<b>38 625</b>
		<b>127 362</b>	<b>109 795</b>
<b>37.12</b>	<b>Statement of Performance</b>		
	<b>Balance previously reported</b>		<b>R</b>
	Correction of error-see note 37.1.(ii)		15 382 320
	Correction of error-see note 37.1.(vi)		2 637 957
	Correction of error-see note 37.1.(vii)		2 378 247
	Correction of error-see note 37.1.(viii)		14 737
	Correction of error-see note 37.1.(ix)		(107)
	Correction of error-see note 37.1.(x)		3 469
	Correction of error-see note 37.1.(xi)		(8 111)
	Correction of error-see note 37.1.(xii)		16 279
	Correction of error-see note 37.1.(xiii)		9 942
	Correction of error-see note 37.1.(xiv)		(1 902 000)
			<b>3 150 413</b>
	Effect on Services Charges		
	Effect on Property Taxes		
	Effect on Other Income		
	Effect on Finance charges		
	Effect on Repairs and Maintenance		14 737
	Effect on Interest Earned- outstanding debtors		
	Effect on Employee Related cost		
	Effect on Impairments /write offs		(1 898 531)
	Effect on Government Grants and Subsidies		5 016 205
	Effect on Depreciation and Amortisation		18 003
			<b>18 532 733</b>
	<b>Total</b>		<b>18 532 733</b>
<b>38</b>	<b>RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>	<b>2015</b>	<b>2014</b>
		<b>R</b>	<b>R</b>
	Surplus/(Deficit) for the year	15 947 134	18 532 732
	<b>Adjustments for:</b>		
	Depreciation	10 284 410	8 487 655
	Amortisation of Intangible Assets	32 498	9 784
	Gain on disposal of property, plant and equipment		(20 000)
	Loss on disposal of property, plant and equipment		175 470
	Debt Impairment	8 780 569	7 437 518
	Bad debts written off	(346 835)	
	Stock adjustments	(71 699)	2 623 118
	Contribution to current employee benefits	201 003	379 899
	Contribution from/to employee benefits	4 698 803	3 139 708
	Contribution to Landfill site	1 867 714	(16 124 433)
	Actuarial Gains/losses	(1 197 363)	571 035
	Impairments/write off	714 483	17 854 321
	Interest received (Grants Investments)		
	Grants Received	92 937 849	67 432 907
	Grant Expenditure	(83 316 242)	(71 637 275)
	Operating lease income accrued	3 784	(17 752)
	Operating Surplus/(Deficit) before changes in working capital	50 536 107	38 844 688
	Changes in working capital	360 881	(18 979 633)
	Increase/(Decrease) in Payables for Exchange Transactions	8 555 034	(4 741 950)
	Increase/(Decrease) in Taxes	3 186 091	(3 118 749)
	(Increase)/Decrease in Inventory	530 366	(7 874)
	(Increase)/Decrease in Assets Held for Sale		208 500
	(Increase)/Decrease in Trade and other receivables	(11 910 609)	(11 319 559)
	<b>Cash generated/(absorbed) by operations</b>	<b>50 896 988</b>	<b>19 865 057</b>
<b>39</b>	<b>CASH AND CASH EQUIVALENTS</b>		

Cash and cash equivalents included in the cash flow statement comprise the following:

Call Investments Deposits - Note 23	-	-
Cash Floats - Note 23	6 171	3 950
Bank - Note 23	36 659 419	1 922 667
<b>Total cash and cash equivalents</b>	<b>36 665 590</b>	<b>1 926 617</b>

#### 40 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 39	36 665 590	1 926 617
Less:	36 665 590	1 926 617
	(5 234 167)	7 573 531
Unspent Committed Conditional Grants - Note 10	(6 979 931)	(2 374 529)
Unpaid Government Grants	-	5 016 205
VAT - Note 12	1 745 765	4 931 855
<b>Resources available for other and working capital requirements</b>	<b>31 431 423</b>	<b>9 500 148</b>

#### 41 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - Note 3	39 231 034	34 478 896
Used to finance property, plant and equipment - at cost	(39 231 034)	(34 478 896)
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

#### 42 BUDGET COMPARISONS

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 (%)
<b>42.1 Operational</b>				
<b>Revenue by source</b>				
Property taxes	26 409 281	30 262 450	(3 853 169)	-13%
Government Grants and Subsidies - Capital	21 755 829	-	21 755 829	100%
Government Grants and Subsidies - Operating	61 560 414	89 913 924	(28 353 510)	-32%
Fines	19 655 811	19 864 000	(208 189)	-1%
Actuarial Gains	1 414 797	-	1 414 797	100%
Service Charges	81 727 579	88 231 819	(6 504 240)	-7%
Rental of Facilities and Equipment	1 217 286	1 039 370	177 916	17%
Interest Earned - external investments	1 540 411	850 000	690 411	81%
Interest Earned - outstanding debtors	1 090 525	1 100 000	(9 475)	-1%
Licences and Permits	1 235 429	1 381 900	(146 471)	-11%
Agency Services	1 296 686	1 200 000	96 686	8%
Stock Adjustments	71 699	-	71 699	100%
Other Income	4 943 076	1 221 200	3 721 876	305%
Gain on disposal of Property, Plant and Equipment	259 389	1 104 500	(845 111)	-77%
	224 178 214	236 169 163	(11 990 949)	-5.077%
<b>Expenditure by nature</b>				
Employee Related Costs	61 587 651	63 808 750	(2 221 099)	3%
Remuneration of Councillors	3 398 789	3 526 000	(127 211)	4%
Debt Impairment	11 529 617	17 265 000	(5 735 383)	33%
Depreciation and Amortisation	10 316 909	8 874 000	1 442 909	-16%
Impairments/Write-offs	714 483	-	714 483	-100%
Repairs and Maintenance	11 772 818	13 907 180	(2 134 362)	15%
Actuarial losses	217 434	-	217 434	-100%
Finance Charges	8 377 247	5 662 871	2 714 276	-48%
Bulk Purchases	40 390 577	41 847 500	(1 456 923)	3%
Grants and Subsidies	1 390 000	1 390 000	-	0%
Operating Grant Expenditure	-	32 947 344	(32 947 344)	100%
General Expenses	58 228 056	32 040 887	26 187 169	-82%
Loss on disposal of Property, Plant and Equipment	307 500	-	307 500	-100%
	208 231 080	221 269 632	(13 038 552)	6%
<b>Net Surplus for the year</b>	<b>15 947 134</b>	<b>14 899 531</b>	<b>1 047 603</b>	<b>7%</b>

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 (%)
<b>42.2 Expenditure by Vote</b>				
Corporate Services	26 226 151	26 289 926	(63 775)	0%
Municipal Manager	6 273 464	7 276 427	(1 002 963)	-14%
Community Services	73 119 326	73 600 686	(481 360)	-1%
Engineers Service	81 200 811	91 504 624	(10 303 813)	-11%
Finance Service	21 411 328	22 597 969	(1 186 641)	-5%
	<b>208 231 080</b>	<b>221 269 632</b>	<b>(13 038 552)</b>	<b>-6%</b>
Internal Charges (Debits)	<b>10 396 432</b>	<b>9 483 234</b>	<b>913 198</b>	<b>10%</b>
	<b>218 627 512</b>	<b>230 752 866</b>	<b>(12 125 354)</b>	<b>-5%</b>

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 (%)
<b>42.3 Capital expenditure by vote</b>				
Corporate Services	1 234 284	1 297 098	(62 814)	-5%
Municipal Manager	-	-	-	0%
Community Services	1 274 921	1 756 663	(481 742)	-27%
Engineers Service	19 483 205	31 918 796	(12 435 591)	-39%
Finance Service	-	-	-	0%
	<b>21 992 410</b>	<b>34 972 557</b>	<b>(12 980 147)</b>	<b>-37%</b>

**43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**43.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure:

Opening balance	23 839 513	70 232 722
Unauthorised expenditure current year - capital		
Unauthorised expenditure current year - operating		15 353 069
Written off by council	(23 839 513)	(61 746 278)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	-	<b>23 839 513</b>

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	Prior year expenditure has been condoned



UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE)

2015  
R

2014  
R

43.2 **Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	3 717 053	3 717 053
Fruitless and wasteful expenditure current year		
Written off by council	(2 502 982)	
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting further action	<b>1 214 071</b>	<b>3 717 053</b>

Incident	Disciplinary steps/criminal proceedings
Interest and penalties -late payment on VAT	Wait for SARS reply on application for writing of
Printer Trust-poor quality of printing	To be referred to Council
Syntell-non compliance with SCM procedures	To be referred to Council
Quadrix Asset Management-wasted cost and value for money	To be referred to Council
JC Fumigation-wasted cost and value for money	To be referred to Council
Bargaining Council-wasted cost and legal fees	To be referred to Council
	39 104
	12 634
	675 000
	281 808
	194 769
	10 756
	<b>1 214 071</b>

43.3 **Irregular expenditure**

Reconciliation of irregular expenditure:

Opening balance	3 726 511	18 499 853
Irregular expenditure current year	15 127	32 145
Written off by Council	(3 726 511)	(14 805 487)
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	<b>15 127</b>	<b>3 726 511</b>

Irregular expenditure awaiting condonement from National Treasury

Incident	Disciplinary steps/criminal proceedings
Directors in service of the state- Pienaar Brothers	
T Sedgewick Holdings(Pty) Ltd -non compliance with SCM	Referred to Council
	32 145
	15 127
	<b>15 127</b>

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

43.4 **Material Losses**

**Water distribution losses**

- Kilo litres disinfected/purified/purchased	1 761 327	1 496 084
- Kilo litres lost during distribution	496 808	337 750
- Percentage lost during distribution	28.21%	22.58%

**Electricity distribution losses**

- Units purchased (Kwh)	52 278 007	51 470 705
- Units lost during distribution (Kwh)	6 876 025	6 611 828
- Percentage lost during distribution	13.15%	12.85%

2015  
R

2014  
R

44 **ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

44.1 **Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**

Opening balance	-	185 305
Council subscriptions	638 489	554 355
Amount paid - current year	(638 489)	(554 355)
Amount paid - previous years	-	(185 305)
Balance unpaid (in dispute)	-	-

	2015 R	2014 R
<b>44.2 Audit fees - [MFMA 125 (1)(b)]</b>		
Opening balance	-	543 046
Current year audit fee	3 132 919	3 204 570
External Audit - Auditor-General	3 091 648	3 188 432
Audit Committee	41 271	16 138
Amount paid - current year	(3 132 919)	(3 204 570)
Amount paid - previous year	-	(543 046)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

<b>44.3 VAT - [MFMA 125 (1)(b)]</b>		
VAT balance at year end - Refer to note 12	1 745 765	5 359 802
<b>Closing balance - Receivable</b>	<b>1 745 765</b>	<b>5 359 802</b>

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

<b>44.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]</b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	8 053 290	7 237 864
Amount paid - current year	(8 053 290)	(7 237 864)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

<b>44.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	14 659 158	13 129 650
Amount paid - current year	(14 659 158)	(13 129 650)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

<b>44.6 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</b>	
No Councillors had arrear accounts for more than 90 days as 30 June 2015	

**44.7 Deviations from Supply Chain Management Regulations**

Non-compliance summary

Department:

Corporate Services	420 171
Community Services	256 466
Engineers Service	1 005 213
Municipal Manager	60 002
Finance Service	202 292
	<b>1 944 144</b>

	<u>&lt; R30000</u>	<u>&gt;R30000</u> <u>&lt;R200000</u>	<u>&gt;R200000</u>	
<b>Per Quarter</b>				
1	144 862	35 896	0	180 758
2	107 803	347 564	305 626	760 992
3	157 412	98 040	0	255 452
4	225 890	521 052	0	746 942
<b>Total</b>	<b>635 967</b>	<b>1 002 552</b>	<b>305 626</b>	<b>1 944 144</b>

**44.8 Awards above R2000 to spouses, child, parent of a person in service of the state (Section 45 of the Supply Management Policy).**

Company	Name	Relation	
Heins Auto Elektries	J de Jager	Brother	53 000
Exeo Khokela Civil Engineers	T Meyer	Brother	8 809 767
Lebazi Brothers	Cril Lebazi	Aunt	469 837

**44.9 Other non-compliance (MFMA 125(2)(e))**

Creditors payments were not made within 30 days as required by the MFMA.

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## CAPITAL COMMITMENTS

### Commitments in respect of capital expenditure:

Approved and contracted for:

Total commitments consist out of the following:

Contract/Tender

		2015 R	2014 R
Upgrading and re-location Barrydale Sewerage Treatment Plant	222/2010	192 267	370 385
Upgrading and re-location Swellendam Water Treatment Plant	302/2010		820 591
Upgrading Waste Water Treatment Works	136/2011		6 456 035
Upgrading Waste Water Treatment Works	173/2011		9 784 456
Professional Services-Electrification of Sub Economic Houses	T101/2011		226 935
Upgrading Water Treatment Works-Suurbraak	T02/12-13WTW02	2 727 784	2 420 935
Upgrading Waste Water Treatment Works-Suurbraak	T02/12-13WTW02	1 852 931	2 444 814
Upgrading Water Treatment Works-Buffeljagsrivier	T02/12-13WTW01	632 544	721 566
Upgrading Waste Water Treatment Works-Buffeljagsrivier	T02/12-13WTW01	374 558	752 473
Professional Services-Business Plan for ACIP Fund application	T02/12-13/WRP01		94 666
Upgrading of Streets and Stormwater - Buffelsjag & Rondomskrik	SM-T04/12-13		429 996
Electrification of Sub-Economic Houses	SM-T12/12-13		275 465
Upgrading Water Treatment Works	SM-T28/12-13		2 698 758
Upgrading Water Treatment Works	SM-T29/12-13		964 258
Construction and Finishes of Extensions to Buffelsjags Library	SM-T30/12-13		80 956
Upgrading of Roads and Stormwater Drainage- Rondomskrik	SM-T11/13-14		1 367 777
Upgrading of Streets and Stormwater - Railton	SM-T02-13/RS01	98 354	
Upgrading of Buffelsjag Bulk Water	SM-T32/14-15	2 200 986	
Re-thatching of roofs-Caravan Park	SM-T34/14-15	377 076	
Supply , Installation of 11 KV line in Suurbraak	SM-T44/14-15	367 932	
Professional services Water demand Management	SM-T02/12-13/003	1 869 454	
		<b>10 693 884</b>	<b>29 910 065</b>

This expenditure will be financed from:

External Loans

Government Grants

-	2 160 000
10 693 884	27 750 065
<b>10 693 884</b>	<b>29 910 065</b>

2015  
R

2014  
R

46

## FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

### (a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

### (b) Price risk

The municipality is not exposed to price risk.

### (c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% Increase in interest rates	(233 117)	(300 039)
0.5% Decrease in interest rates	116 559	150 020

### (d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles.

All rates and services are payable within 30 days from invoice date. Refer to note 20 and 21 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 20 and 21 for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

	2015 %	2015 R	2014 %	2014 R
<u>Non-Exchange Receivables</u>				
Rates	4.05%	389 280	-2.23%	(275 648)
<u>Exchange Receivables</u>				

Electricity	4.60%	169 805.73	6.44%	263 950
Water	9.62%	372 392.86	9.57%	347 246
Refuse	9.25%	252 182.50	8.47%	209 534
Sewerage	8.93%	390 036.91	8.09%	327 994
Other	-1.87%	(40 636.00)	-2.52%	(46 016)
	6.80%	1 143 782	6.86%	1 102 708

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 20 and 21 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime borrowing rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2015 %	2015 R	2014 %	2014 R
<u>Non-Exchange Receivables</u>				
Rates	100.00%	9 614 216	100%	12 355 165
<u>Exchange Receivables</u>				
Electricity	21.95%	3 692 727	25.48%	4 097 353
Water	23.00%	3 869 878	22.57%	3 628 612
Refuse	16.21%	2 727 364	15.39%	2 474 354
Sewerage	25.95%	4 365 972	25.21%	4 053 042
Other	12.89%	2 169 459	11.35%	1 825 242
	100.00%	16 825 401	100.00%	16 078 602

	2015 %	2015 R	2014 %	2014 R
Bad debts written off per debtor class:				
<u>Non-Exchange Receivables</u>				
Rates	0.00%	346 835	100%	-
<u>Exchange Receivables</u>				
Electricity	0.00%	-	0.00%	-
Water	0.00%	-	99.56%	227 076
Refuse	0.00%	-	0.00%	-
Sewerage	0.00%	-	0.00%	-
Other	0.00%	-	0.44%	1 001
	0.00%	-	100.00%	228 077

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

	2015 R	2014 R
Financial assets exposed to credit risk at year end are as follows:		

Long term receivables	-	286 222
Receivables from exchange transactions	7 135 931	7 670 400
Receivables from non-exchange transactions	8 739 863	4 728 519
Cash and Cash Equivalents	36 665 590	1 926 617
	<u>52 541 383</u>	<u>14 611 758</u>

**(e) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
<b>2015</b>				
Long Term liabilities - Annuity Loans	6 610 797	23 373 877	26 644 874	17 185 261
Capital repayments	2 458 289	9 336 312	14 701 218	12 509 895
Interest	4 152 508	14 037 565	11 943 656	4 675 366
Long Term liabilities - Finance Lease Liability	234 531	-	-	-
Capital repayments	225 321	-	-	-
Interest	9 210	-	-	-
Provisions - Landfill Sites	5 784 972	-	4 870 937	3 831 875
Capital repayments	5 496 410	-	4 627 969	3 640 736
Interest	288 562	-	242 968	191 139
Trade and Other Payables	17 736 538	-	-	-
Unspent conditional government grants and receipts	6 979 931	-	-	-
	<u>37 346 769</u>	<u>23 373 877</u>	<u>31 515 811</u>	<u>21 017 136</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
<b>2014</b>				
Long Term liabilities - Annuity Loans	5 591 582	20 308 980	22 310 575	20 959 773
Capital repayments	1 840 811	7 235 335	10 301 547	14 606 587
Interest	3 750 771	13 073 655	12 009 029	6 353 186
Long Term liabilities - Finance Lease Liability	281 419	234 531	-	-
Capital repayments	250 044	225 321	-	-
Interest	31 376	9 210	-	-
Long Term Liabilities - Hire Purchases	19 068	-	-	-
Capital repayments	18 976	-	-	-
Interest	92	-	-	-
Provisions - Landfill Sites	3 092 321	1 276 228	-	3 597 401
Capital repayments	2 945 068	1 157 576	-	1 883 222
Interest	147 253	118 652	-	1 714 180
Trade and Other Payables	6 894 220	-	-	-
Unspent conditional government grants and receipts	2 374 529	-	-	-
	<u>18 253 139</u>	<u>21 819 749</u>	<u>22 310 575</u>	<u>24 557 175</u>

		2015 R	2014 R
<b>47 FINANCIAL INSTRUMENTS</b>			
In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:			
<b>47.1 Financial Assets</b>	<b>Classification</b>		
<b>Long-term Receivables</b>			
Housing Loan Scheme	Financial instruments at amortised cost	-	286 222
<b>Receivables</b>			
Receivables from exchange transactions	Financial instruments at amortised cost	7 135 931	7 670 400
Receivables from non-exchange transactions	Financial instruments at amortised cost	93 005	136 923
<b>Other Receivables</b>			
Government subsidies and grants	Financial instruments at amortised cost	-	5 016 205
<b>Current Portion of Long-term Receivables</b>			
Housing Loan Scheme	Financial instruments at amortised cost	-	68 874
<b>Short-term Investment Deposits</b>			
Call Deposits	Financial instruments at amortised cost	-	-
<b>Bank Balances and Cash</b>			
Bank Balances	Financial instruments at amortised cost	36 659 419	1 922 667
Cash Floats and Advances	Financial instruments at amortised cost	6 171	3 950



43 894 526 15 105 241

## SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost

43 894 526 15 105 241

At amortised cost

43 894 526 15 105 241

## FINANCIAL INSTRUMENTS (CONTINUE)

47.2	Financial Liability	Classification		
	<b>Long-term Liabilities</b>			
	Annuity Loans	Financial instruments at amortised cost	36 547 425	32 143 745
	Capitalised Lease Liability	Financial instruments at amortised cost	-	225 320
	Hire Purchases	Financial instruments at amortised cost	-	-
	<b>Payables from exchange transactions</b>			
	Trade creditors	Financial instruments at amortised cost	17 736 538	6 894 220
	Accrued interest	Financial instruments at amortised cost	669 114	684 196
	Retentions	Financial instruments at amortised cost	1 680 908	3 690 808
	Deposits	Financial instruments at amortised cost	235 019	110 923
	Other	Financial instruments at amortised cost	224 242	364 270
	<b>Other Payables</b>			
	Government Subsidies and Grants	Financial instruments at amortised cost	6 979 931	2 374 529
	<b>Current Portion of Long-term Liabilities</b>			
	Annuity Loans	Financial instruments at amortised cost	2 458 289	1 840 811
	Capitalised Lease Liability	Financial instruments at amortised cost	225 321	250 044
	Hire Purchases	Financial instruments at amortised cost	-	18 976
			<b>66 756 786</b>	<b>48 597 843</b>

## SUMMARY OF FINANCIAL LIABILITY

Financial instruments at amortised cost

66 756 786 48 597 843

## 48 STATUTORY RECEIVABLES

In accordance with principles of GRAP 108, Statutory Receivables of the municipality are classified as follows;

<b>Taxes</b>		
Val receivable	1 745 765	4 931 855
<b>Receivables from Non Exchange Transactions</b>		
Property rates	2 295 294	1 896 946
Fines	6 351 563	2 694 650

## 49 EVENTS AFTER THE REPORTING DATE

None

## 50 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

## 51 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

## 52 CONTINGENT LIABILITIES

Guarantees held at First National Bank

- Eskom R3700
- Department of Minerals and Energy, RSA R20000

Swellendam Municipality vs Nel and others - Case Number 12576/2013 High Court  
Application to nullify Breede River By-Law - Legal cost approximately R 60 000

Swellendam Municipality vs D Marais - Case Number 1472/2015  
Application for demolition order - Approximately R 6 000

Swellendam Municipality vs M Steenkamp - Case Number 1826/2014

Claim for unauthorised expenditure with counterclaim for damage against municipality - Counterclaim R 500 000, Legal cost approximately R 60 000

**Swellendam Municipality vs AP Alexander - Case Number EC01/2012**

Application to review equality decision that it has no jurisdiction - Legal cost approximately R 15 000

**53 RELATED PARTIES**

**53.1 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in note 18 to the Annual Financial Statements.

**53.2 Compensation of key management personnel**

The compensation of key management personnel is set out in note 28 to the Annual Financial Statements.

**53.3 Other related party transactions**

The following purchases were made during the year where Councillors or staff have an interest:

*None*

APPENDIX A - Unaudited  
SWELLENDAM LOCAL MUNICIPALITY  
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2014	Received during the period	Interest Capitalised	Redeemed written off during the period	Balance at 30 JUNE 2015
<b>ANNUITY LOANS</b>								
STREETS - DBSA	8.08%	61003251	2021	214 925			30 704	184 221
UPGRADING OF ELECTRICAL NETWORK-DBSA	8.53%	61003274	2021	789 456			105 261	684 195
INFRASTRUCTURE-DBSA	8.53%	61000017	2017	361 182			103 195	257 987
INFRASTRUCTURE- PHASE 2-DBSA	10.56%	61000149	2024	3 742 841			225 877	3 516 964
INFRASTRUCTURE- PHASE 4-DBSA	9.26%	61000638	2017	2 196 390			667 177	1 529 213
INFRASTRUCTURE- PHASE 3-DBSA	8.89%	61000371	2025	3 828 753			202 654	3 626 099
INFRASTRUCTURE-2007-DBSA	11.12%	61000744	2029	4 029 600			113 486	3 916 114
INFRASTRUCTURE-2008-DBSA	12.20%	61000846	2030	18 821 407	-	-	392 431	18 428 976
INFRASTRUCTURE -2015-ABSA	9.00%		2025	0	6 595 800	266 142		6 861 942
<b>Total Annuity Loans</b>				<b>33 984 554</b>	<b>6 595 800</b>	<b>266 142</b>	<b>1 840 784</b>	<b>39 005 713</b>
<b>HIRE PURCHASES</b>								
West Bank Vehicles Finance				18 976			18 976	0
<b>Total Hire Purchase Liabilities</b>				<b>18 976</b>	<b>-</b>		<b>18 976</b>	<b>0</b>
<b>LEASE LIABILITY</b>								
Vehicles and office equipment				475 364	-		250 044	225 321
<b>Total Lease Liabilities</b>				<b>475 364</b>	<b>-</b>	<b>-</b>	<b>250 044</b>	<b>225 321</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>34 478 894</b>	<b>6 595 800</b>	<b>266 142</b>	<b>2 109 804</b>	<b>39 231 034</b>

APPENDIX B - Unaudited  
SWELLENHAM LOCAL MUNICIPALITY  
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015  
MUNICIPAL VOTES CLASSIFICATION

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2014 Budgeted Income	2015 Actual Income R	2014 Budgeted Expenditure	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
			ABBATOIR			0		
524 324	(490 425)	33 898	BUILDING CONTROL	550 000	540 514	32 230	(14 976)	525 538
662 399	(747 935)	(85 536)	CARAVAN PARK	598 620	637 867	1 196 680	(1 193 719)	(555 852)
32 449	(143 593)	(111 145)	CEMETERIES	36 000	33 310	117 200	(55 620)	(22 310)
71 464	(471 087)	(399 622)	COMMONAGE	186 750	232 275	527 000	(394 770)	(162 495)
17 340 541	(20 297 828)	(2 957 287)	COMMUNITY SERVICES	30 135 444	32 144 606	33 207 137	(35 034 783)	(2 890 177)
5 119	(5 772 049)	(5 766 930)	CORPORATE SERVICES	102 500	169 543	7 874 461	(6 201 167)	(6 031 624)
49 637 886	(32 633 198)	17 004 688	COUNCIL GENERAL	52 306 450	53 148 977	15 457 079	(17 750 982)	35 397 995
11 787	(3 299 605)	(3 287 818)	ELECTRICITY ADMIN	3 000	3 180	5 004 049	(4 734 628)	(4 731 446)
51 644 511	(38 985 136)	12 659 374	ELECTRICITY NETWORK	57 674 969	51 686 044	49 529 600	(42 834 867)	8 851 178
19 714 995	(6 597 484)	13 117 510	ENGINEERS SERVICES	30 059 315	22 006 822	7 931 275	(7 298 612)	14 708 210
5 516 083	(21 049 705)	(15 533 623)	FINANCIAL SERVICES	5 449 500	5 801 039	22 565 104	(21 381 326)	(15 580 288)
80 433	(525 748)	(445 315)	HALLS	58 000	84 297	551 237	(433 972)	(349 676)
-	(86 340)	(86 340)	IDP	200 000	-	238 740	(17 133)	(17 133)
270 478	(611 005)	(340 527)	IRRIGATION WATER	280 000	289 723	749 951	(662 335)	(372 612)
4 175 786	(3 483 492)	692 294	LIBRARY	4 352 765	4 264 229	3 526 397	(3 578 341)	685 888
-	(353 788)	(353 788)	LOCAL ECONOMIC DEVELOPMENT	0	-	57 545	(7 432)	(7 432)
-	-	-	MAIN ROADS	20 000	-	24 000	-	-
-	(6 003 381)	(6 003 381)	MUNICIPAL MANAGER	0	-	5 890 142	(5 177 373)	(5 177 373)
-	(73 169)	(73 169)	OFFICE BUILDINGS	0	-	414 000	(272 078)	(272 078)
-	(5 580 914)	(5 580 914)	PARKS	0	-	6 596 275	(5 620 060)	(5 620 060)
42 562	(12 449)	30 113	POUND	3 000	6 426	10 000	(9 408)	(2 982)
22 240 536	(4 559 440)	17 681 096	REFUSE	7 617 449	7 536 938	5 549 219	(9 098 608)	(1 561 667)
161 169	(2 516)	158 653	RENTED BUILDINGS	43 000	92 695	23 000	(11 525)	81 170
-	(1 021 334)	(1 021 334)	SEWERAGE ADMINISTRATION	0	-	1 018 737	(989 887)	(989 887)
13 860 209	(1 931 344)	11 928 865	SEWERAGE NETWORK	12 821 198	11 977 604	2 425 767	(3 000 888)	8 976 715
-	(1 355 928)	(1 355 928)	SEWERAGE PURIFICATION	0	-	2 361 386	(1 906 035)	(1 906 035)
3 754	(235 527)	(231 772)	SPORTS AND RECREATIONS	3 000	3 894	200 000	(133 748)	(129 854)
-	(279 626)	(279 626)	STORES	0	-	32 865	(30 001)	(30 001)
1 942	(837 782)	(835 840)	STORMWATER	0	300	775 000	(863 625)	(863 325)
78	(1 219 741)	(1 219 663)	STREET LIGHTS	0	-	1 622 000	(1 453 182)	(1 453 182)
10 161	(9 175 180)	(9 165 019)	STREETS	0	3 615	9 580 348	(9 154 372)	(9 150 757)
236 586	(402 107)	(165 521)	THUSONG MULTIPURPOSE CENTER	452 000	389 342	470 175	(436 922)	(47 580)
-	(1 082 422)	(1 082 422)	TOURISM	750 000	437 020	1 067 000	(1 060 000)	(622 980)
193 831	(1 274 287)	(1 080 457)	TOWN PLANNING	160 000	213 027	2 399 156	(1 864 256)	(1 651 229)
17 770 586	(15 482 966)	2 287 620	TRAFFIC AND LICENSING	22 421 900	22 163 441	22 176 366	(17 524 147)	4 639 293
-	(14 464)	(14 464)	WATER DAMS	0	-	32 000	(1 500)	(1 500)
9 119 041	(4 574 401)	4 544 639	WATER NETWORK	9 884 303	10 311 487	4 926 107	(3 862 591)	6 448 896
-	(3 527 373)	(3 527 373)	WATER PURIFICATION	0	-	4 678 359	(3 961 320)	(3 961 320)
-	(126 188)	(126 188)	WATER WORKS	0	-	185 000	(198 755)	(198 755)
-	(475 019)	(475 019)	WORKSHOP FLEET	0	-	247 045	(6 137)	(6 137)
213 328 708	(194 795 975)	18 532 732	TOTAL	236 169 163	224 178 214	221 269 632	(208 231 080)	15 947 134
			INTERNAL CHARGES		10 396 432		(10 396 432)	

**APPENDIX C - Unaudited**  
**SWELLEN DAM LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2014 Budgeted Income	2015 Actual Income R	2014 Budgeted Expenditure	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
50 432 623	(40 641 046)	9 791 577	Corporate Services	53 305 700	54 304 337	(26 289 926)	(26 226 151)	28 078 186
161 169	(7 528 446)	(7 367 277)	Municipal Manager	993 000	529 715	(7 276 427)	(6 273 464)	(5 743 749)
62 585 632	(51 472 000)	11 113 632	Community Services	65 678 178	67 264 349	(73 600 686)	(73 119 326)	(5 854 977)
94 633 200	(73 825 152)	20 808 049	Engineers Service	110 742 785	96 278 774	(91 504 624)	(81 200 811)	15 077 963
5 516 083	(21 329 332)	(15 813 249)	Finance Service	5 449 500	5 801 039	(22 597 969)	(21 411 328)	(15 610 289)
213 328 708	(194 795 975)	18 532 732	<b>Total</b>	236 169 163	224 178 214	(221 269 632)	(208 231 080)	15 947 134
			<b>INTERNAL CHARGES</b>		10 396 432		(10 396 432)	
					234 574 646		(218 627 512)	15 947 134

APPENDIX D - Unaudited  
SWELLENDAM LOCAL MUNICIPALITY  
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2014	Correction of error	Balance 1 JULY 2014	Grants Received	Grants withhold	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2015
	R	R	R	R		R	R	R
<b>UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS</b>								
<u>National Government Grants</u>								
Equitable Share	-	-	-	20 938 000		(20 938 000)		-
Local Government Financial Management Grant	-	-	-	1 600 000		(1 600 000)		-
Municipal Infrastructure Grant	-	-	-	11 399 000		(569 950)	(10 829 050)	-
Municipal Systems Improvement Grant	-	-	-	934 000			(934 000)	-
RBIC	-	(5 146 042)	(5 146 042)	13 111 993			(7 965 951)	-
EPWP	-	-	-	1 305 000		(1 305 000)		-
Municipal Disaster Recovery Fund	-	-	-	115 000				115 000
<b>Total National Government Grants</b>	-	(5 146 042)	(5 146 042)	49 402 993	-	(24 412 950)	(19 729 001)	115 000
<u>Provincial Government Grants</u>								
Social Plan Fund	26 392		26 392					26 392
Economic Development Plan	50 000		50 000					50 000
Multi Purpose Sentrum	77 925		77 925			(1 900)		76 025
Library Services	23 667		23 667	900 000		(516 590)	(283 410)	23 667
Emergency Housing - Malaga's	33 622		33 622					33 622
Housing Projects	1 345 321		1 345 321	36 730 322		(32 091 848)	(1 012 977)	4 970 818
Municipal Replacement Fund	324 490		324 490	3 090 000		(3 090 000)	(324 490)	-
Seta	332 873		332 873	380 534		(487 106)		226
Human Settlements	2 577 353	(2 378 246)	199 107				(199 106)	339 000
Financial Support				706 000		(367 000)		339 000
Prov Performance Grant				100 000		(100 000)		-
Prov IDP Grant				200 000				200 000
Prov Meter Audit Grant				500 000				500 000
Prov Job Fund Grant				750 000		(437 020)		312 980
Support Grant Thusong Centre				222 000			(206 845)	15 155
Prov Compliant Grant				56 000		(56 000)		-
<b>Total Provincial Government Grants</b>	4 791 543	(2 378 246)	2 413 297	43 534 856		(37 147 464)	(2 026 828)	6 773 961
<u>Other Grant Providers</u>								
Swelldam Festival	-	-	-					-
Vegetable Project - Barrydale	81 723	-	81 723					81 723
Masabanbane Projects	9 248	-	9 248					9 248
EMP Railton Erf 5269	-	-	-					-
<b>Total Other Grant Providers</b>	90 971	-	90 971	-		-	-	90 971
<b>Total</b>	<b>4 882 614</b>	<b>(7 524 289)</b>	<b>(2 641 675)</b>	<b>92 937 849</b>	<b>-</b>	<b>(61 560 414)</b>	<b>(21 755 829)</b>	<b>6 979 931</b>

## Annexure B

### Report of the Auditor General



# **Report of the auditor-general to the Western Cape Provincial Parliament and the council on Swellendam Municipality**

## **Report on the financial statements**

### **Introduction**

1. I have audited the financial statements of the Swellendam Municipality set out on pages 3 to 88, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor-general's responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Swellendam Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

## Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## Restatement of corresponding figures

8. As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of errors discovered during 2014-15 in the financial statements of the municipality at, and for the year ended, 30 June 2014.

## Material losses and impairments

9. As disclosed in note 43.4 to the financial statements, the municipality suffered a significant electricity loss amounting to 6 876 025 kilowatt units (13.15%).
10. As disclosed in notes 20 and 21 to the financial statements the municipality has provided for a significant impairment of receivables from exchange transactions and receivables from non-exchange transactions of R16,8 million (70.2%) and R29,1 million (76.9%) respectively.

## Material under spending of the budget

11. As disclosed in note 42.3 to the financial statements, the municipality has materially underspent the capital budget to the amount of R13 million.

## Additional matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## Unaudited disclosure note

13. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with this legislation. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.



## Unaudited supplementary schedules

14. The supplementary information set out in appendices A to D on page 89 to 92 does not form part of the financial statements and is presented as additional information. I have not audited these appendices and, accordingly, I do not express an opinion thereon.

## Report on other legal and regulatory requirements

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected strategic objectives presented in the annual performance report of the municipality for the year ended 30 June 2015:
- Strategic objective B: To create a safe and healthy living environment on page 16
  - Strategic objective C: To develop integrated and sustainable settlements with the view to correct spatial imbalances on page 17
  - Strategic objective D: To enhance access to basic services and address maintenance backlogs on pages 17 to 21
  - Strategic objective E: To enhance economic development with focus on both first and second economies on page 21
17. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
18. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information*.
19. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. I did not identify material findings on the usefulness and reliability of the reported performance information for the selected strategic objectives as detailed in paragraph 16 of this report.

## **Additional matters**

21. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected strategic objectives, I draw attention to the following matters:

### **Achievement of planned targets**

22. Refer to the annual performance report on pages 16 to 23 for information on the achievement of the planned targets for the year.

### **Adjustment of material misstatements**

23. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for strategic objective D: To enhance access to basic services and address maintenance backlogs and strategic objective E: To enhance economic development with focus on both first and second economies. As management subsequently corrected the misstatements, I did not identify material findings on the usefulness and reliability of the reported performance information.

## **Compliance with legislation**

24. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

## **Internal control**

25. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Cape Town

30 November 2015



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# Annexure C

## Audit and Performance Audit

### Committee Report





**SWELLENDAM MUNICIPALITY**  
**2014/2015 ANNUAL REPORT OF THE AUDIT- AND**  
**PERFORMANCE AUDIT COMMITTEE (APAC)**



We are pleased to present our report for Swellendam Municipality for the financial year ended 30 June 2015.

The committee wishes to congratulate the Swellendam Municipal Council and Administration on achieving a "Clean Audit" Opinion from the Office of the Auditor General for the 2014/15 Financial Year. This is truly a remarkable achievement for the municipality. The municipality received Unqualified Audit Opinions for the previous two consecutive financial years. This is due to effective leadership and the positive commitment of senior management and officials.

**1. Introduction**

Section 156 of the Municipal Finance Management Act No. 56 of 2003, requires every Municipality to establish and maintain an audit committee, as an independent appraisal function. Experience has shown that a properly constituted Audit Committee can make an effective and valuable contribution to the process by which an organization is directed and controlled.

The Swellendam Audit committee is well established and functioning as required. An updated Committee Policy has also been developed and reviewed by the Committee during the period under review and was approved by the Council on 27 August 2015. All the members of the Audit Committee are also members of the Performance Audit Committee. The Audit and Performance Audit Committee (APAC) met 4 times during the 2014/2015 financial year.

**2. Audit Committee Members and Attendance:**

<b>Members</b>	<b>Capacity</b>	<b>Dates of Meetings attended</b>
Dr BP Jansen van Rensburg	Chairperson	29 August 2014 2 December 2014 4 March 2015 24 June 2015
Prof PJ du Plessis	Member	29 August 2014 2 December 2014 4 March 2015 24 June 2015
Mr. SJ Adonis	Member	29 August 2014 2 December 2014 4 March 2015 24 June 2015
Mr. D Farenhem	Member (Appointed with effect from 1 April 2015)	24 June 2015

The abovementioned meetings were well attended by the Municipal Manager, Chief Financial Officer, Directors and the Internal Auditor.

**3. Internal Control Systems**

Internal control is the system of controls and directives that are designed to provide cost effective assurance that assets are safeguarded, that liabilities and working capital are efficiently managed and that the municipality fulfils its mandate, in compliance with all relevant statutory and governance duties and requirements.

The committee has reviewed the Internal Audit Reports, the Auditor General's Audit Report, the Annual Financial Statements, and the Performance Report of the municipality.

Based on these reports the committee believes that the significant internal controls are in place, however certain control deficiencies have been identified. The committee will monitor the progress made by Management towards the improvement of their internal control environment.

#### **4. Risk Management**

The committee has reviewed the risk management processes implemented by management during the financial year, and is satisfied with the progress made with the implementation of risk management within the municipality. The committee believes that the high risk areas of the organization are covered in the scope of internal and external audits.

#### **5. Performance Management**

The committee has reviewed the 2014/15 Mid-Year Performance Assessment Report and the 2014/15 Annual Performance Report of the municipality, as well as the quarterly SDBIP Performance Reports submitted to it by the Internal Audit Office. Based on the discussions and assurances obtained, the committee is satisfied with the progress towards full implementation of the Performance Management System of the municipality.

#### **6. Accounting/ Financial Information**

The unaudited Annual Financial Statements (AFS) were presented to, and discussed by the committee prior to submission to the Auditor General on 31 August 2015. The committee also held a special meeting on 11 September 2015 to discuss the AFS in detail. The committee has also reviewed and discussed the Auditor General's Management Report and Final Audit Report with the Municipal Manager and Senior Management.

The committee is further encouraged by a "Clean Audit" Opinion issued by the Auditor General on the financial statements for the year ended 30 June 2015. A "Clean Audit" can be classified as an Unqualified Audit Opinion with no significant findings on compliance with laws and regulations that govern financial matters or reporting on predetermined objectives. This conclusion is the highest level of assurance the Auditor General is able to provide as it confirms the accuracy and transparency with which finances of the municipality have been handled and reported.

#### **7. Internal Audit**

The Swellendam Municipality has an in-house Internal Audit function. For the year under review, the Internal Audit function consisted of an Internal Auditor and an Internal Audit: Intern. The Internal Audit function is now fully established and functional. A number of audits have been completed during the year under review and these reports have been presented to the committee for discussion. The committee will monitor the progress on the implementation of the deficiencies identified by Internal Audit.

The committee also expresses their appreciation to the Internal Audit Office for the work done, and is satisfied with the current operation of the activity. The committee believes that the Internal Audit function has been effective in carrying out its function in the municipality. The Internal Audit Department also managed to complete 95% of the 2014/2015 Risk-Based Internal Audit Plan. The committee is also satisfied with the organizational independence of the Internal Audit Activity.

#### **8. Concerns**

The committee wishes to express its concern over the following:

- The long term financial sustainability of the municipality; and
- The resource constraints experienced by the Internal Audit function (Additional resources should be allocated to the Internal Audit function)

## 9. Conclusion

The committee is pleased with the continuous progress made by the Swellendam Municipality in improving the overall governance, internal control and risk management environment.

In light of the above, the committee recommends that the Audited Financial Statements, together with the Audit Report of the Auditor General be accepted by the Council of the Swellendam Municipality.

On behalf of the Audit and Performance Audit Committee



Dr. B.P. Jansen van Rensburg  
APAC Chairperson  
Date: 8 December 2015